Registre de Commerce et des Sociétés
B117420 - L150100067
déposé le 10/06/2015

Delfin S.à r.l.
Société à responsabilité limitée
7, rue de la Chapelle
L-1325 Luxembourg

MENTION

Nom de la société	Delfin S.à r.l
Siège Sociale	7, rue de la Chapelle L-1325 Luxembourg
N Registre de Commerce	B117 420

Les comptes consolidés au 31 décembre 2013 ont été enregistrés et déposés au Registre de Commerce et des Sociétés.

Pour mention aux fins de publication au Mémorial, Recueil des Sociétés et Associations.

Signature



Romolo Bardin
Manager

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VAT Number LU 23679656
R.C.S. Luxembourg : B 117 420

Registre de Commerce et des Sociétés
B117420 - L150100067
enregistré et déposé le 10/06/2015

DELFIN S.à r.l.

7, rue de la Chapelle
L-1325 Luxembourg
Share capital: Euro 682.960.000
R.C.S. Luxembourg: B117.420

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013

List of Documents

Deloitte.

Deloitte Audit
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To the partners of
Delfin S.à r.l.
7, rue de la Chapelle,
L-1325 Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Delfin S.à r.l., which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control the Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Delfin S.à r.l as of December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

For Deloitte Audit, *Cabinet de révision agréé*

Nick Tabone, *Réviseur d'entreprises agréé*
Partner

Luxembourg, January 22, 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013 AND 2012
(in thousands of euros)

	Notes	31/12/2013	31/12/2012
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	11	1.239.710	1.251.218
GOODWILL	12	3.110.279	3.213.833
OTHER INTANGIBLE ASSETS	12	1.261.157	1.345.690
INVESTMENTS IN ASSOCIATES	13	1.403.996	1.334.665
DEFERRED TAX ASSETS	16	172.623	169.662
FINANCIAL FIXED ASSETS	14	1.918.086	1.339.699
OTHER ASSETS	15	69.193	84.318
TOTAL NON CURRENT ASSETS		**9.175.044**	**8.739.085**
CURRENT ASSETS			
INVENTORIES	8	698.957	728.775
LONG TERM ASSETS HELD FOR SALE		2.343	2.454
INCOME TAX RECEIVABLES		49.867	51.107
TRADE RECEIVABLES	7	680.938	700.470
FINANCIAL ASSETS	9	192.727	116.578
OTHER ASSETS	10	196.217	163.920
CASH AND CASH EQUIVALENTS	6	676.156	864.029
TOTAL CURRENT ASSETS		**2.497.205**	**2.627.333**
TOTAL ASSETS		**11.672.249**	**11.366.418**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013 AND 2012
(in thousands of euros)

	Notes	31/12/2013	31/12/2012
SHAREHOLDERS' EQUITY			
ISSUED CAPITAL	17	500.930	500.930
RESERVES	17	(1.061.856)	(1.517.006)
RETAINED EARNINGS	17	405.028	201.805
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(155.899)**	**(814.272)**
NON-CONTROLLING INTERESTS	18	1.585.422	1.500.134
TOTAL EQUITY		**1.429.523**	**685.862**
LIABILITIES			
NON CURRENT LIABILITIES			
SUBORDINATED DEBT	24	4.771.538	4.911.406
LONG-TERM FINANCIAL LIABILITIES	25	1.716.410	2.052.105
LIABILITY FOR TERMINATION INDEMNITIES	26	76.673	191.971
DEFERRED TAX LIABILITIES	16	268.078	227.806
LONG TERM PROVISIONS	27	99.287	121.240
OTHER LIABILITIES	28	74.151	52.702
TOTAL NON CURRENT LIABILITIES		**7.006.137**	**7.557.230**
CURRENT LIABILITIES			
FINANCIAL LIABILITIES	19	1.162.158	1.144.766
CURRENT PORTION OF LONG TERM FINANCIAL LIABILITIES	25	318.100	310.072
TRADE PAYABLES	20	682.986	684.123
TAX PAYABLES	21	11.289	67.050
PROVISIONS	22	123.687	66.032
OTHER LIABILITIES	23	938.369	851.283
TOTAL CURRENT LIABILITIES		**3.236.589**	**3.123.326**
TOTAL EQUITY AND LIABILITIES		**11.672.249**	**11.366.418**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEARs ENDED 31 DECEMBER 2013 AND 2012
(in thousands of euros)

	Notes	2013	2012
REVENUES		7.315.813	7.089.651
COST OF SALES		(2.524.006)	(2.435.992)
GROSS INDUSTRIAL PROFIT		**4.791.807**	**4.653.659**
SELLING		2.241.841	(2.270.071)
ROYALTIES		(144.588)	(124.403)
ADVERTISING		(479.878)	(446.175)
GENERAL AND ADMINISTRATIVE EXPENSES		(877.362)	(849.960)
TOTAL OPERATING EXPENSES		**(3.743.669)**	**(3.690.309)**
OPERATING INCOME		**1.048.138**	**963.050**
FINANCIAL INCOME	29	57.234	38.833
FINANCIAL EXPENSES	29	(132.546)	(210.867)
OTHER - NET	29	(7.757)	(6.427)
INCOME/EXPENSES FROM ASSOCIATES	13	72.613	(62.095)
INCOME BEFORE TAXES		**1.037.682**	**722.494**
INCOME TAXES	30	419.426	312.467
PROFIT FOR THE YEAR		**618.256**	**410.027**
NON-CONTROLLING INTERESTS		(213.228)	(208.222)
GROUP'S INTEREST IN NET INCOME		**405.028**	**201.805**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts in thousands of Euro)	2013	2012
Net income	**618.256**	**410.027**
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge, net of tax of Euro 0.1 million, Euro 6.5 million and Euro 11.4 million as of 31 December 2013, 2012	318	13.700
Currency translation differences	(286.602)	(64.010)
OCI from associates	14.583	-
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on defined benefit plans net of tax of Euro 39.9 million and Euro 9 million as of 31 December 2013 and 2012	63.217	(17.628)
AFS Movements	453.109	160.714
Total other comprehensive income-net of tax	**244.625**	**85.452**
Total comprehensive income for the year	**862.881**	**502.804**
Attributable to:		
-Delfin S.à r.l. shareholders' equity	738.922	323.025
-Non-controlling interests	123.959	179.779
Total comprehensive income for the year	**862.881**	**502.804**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts in thousands of Euro)	Issued capital(*)	Legal reserve	AFS reserve	Other reserve and retained earnings	Shareholders' equity	Non controlling-interests	Total Shareholders' equity
Balance as of 31 December 2011	**500.930**	**50.092**	**(600.760)**	**(1.491.799)**	**(1.541.537)**	**1.176.753**	**(364.784)**
Total Comprehensive Income as of 31 December 2012	-	-	**160.714**	**162.311**	**323.025**	**179.779**	**502.804**
Movements related to stock options	-	-	-	80.790	80.790	48.835	129.625
Investments in treasury shares							
Change in the consolidation perimeter	-	-	-	323.450	323.450	174.935	498.385
Dividends	-	-	-	-	-	(80.168)	(80.168)
Balance as of 31 December 2012	**500.930**	**50.092**	**(440.046)**	**(925.248)**	**(814.272)**	**1.500.134**	**685.862**
Total Comprehensive Income as of 31 December 2013			**453.109**	285.813	738.922	**123.959**	862.881
Movements related to stock options		-	-	69.552	69.552	41.575	111.127
Change in the consolidation perimeter**				(152.101)	(152.101)	24.065	(128.036)
Allocation of legal reserve		2.000	-	-	2.000	-	2.000
Dividends						(104.309)	(104.309)
Balance as of 31 December 2013	**500.930**	**52.092**	**13.063**	**(721.984)**	**(155.899)**	**1.585.422**	**1.429.523**

(*) Euro 20 million of share capital are reclassified for accounting purpose as Subordinated debt
(**) The amount represents change in the ownership in the subsidiary Luxottica Group Spa mainly due to sale of some of its shares

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2013 AND 2012
(in thousands of euros)

	31/12/2013	31/12/2012
Income before provision for income tax	**1.037.682**	**722.494**
Stock-based compensation	28.078	41.365
Depreciation, amortization and impairment	369.099	363.875
Net loss on disposals of fixed assets and other	15.609	32.700
Financial expenses	132.546	210.867
Other non-cash items*	(36.427)	(3.086)
Changes in accounts receivable	(15.754)	(34.652)
Changes in inventories	11.897	(79.782)
Changes in accounts payable	12.838	61.944
Changes in other assets/liabilities	12.282	(42.147)
Investment consolidated with equity method	(69.331)	59.103
Total Adjustment	**460.836**	**610.187**
Cash flow generated from operating activities	**1.498.518**	**1.332.681**
Interest paid	(111.133)	(148.401)
Taxes paid	(439.778)	(272.226)
Net cash provided by operating activities	**947.607**	**912.054**
Additions of property, plant and equipment	(271.838)	(271.286)
Purchases of businesses-net of cash acquired**	(104.462)	(99.738)
Change in financial assets***	(321.920)	(246.714)
Additions to intangible assets	(101.108)	(117.005)
Cash used in investment activities	**(799.328)**	**(734.743)**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2013 AND 2012
(in thousands of euros)

	31/12/2013	31/12/2012
Long term debt		
Proceeds	4.504	512.700
(Repayments)	(327.067)	(1.355.173)
Increase in short term lines of credit	18.453	71.524
Stock option of subsidiaries exercised	75.266	74.558
(Purchase) / Sale of subsidiaries	42.356	538.071
Dividends paid to third parties	(104.309)	(80.168)
Cash flows generated/(utilized) by financing activity	**(290.797)**	**(238.488)**
Increase/(decrease) in cash or cash equivalents	(142.517)	(61.177)
Cash and cash equivalents at the beginning of the year	**864.029**	**934.023**
Effect of translation differences	(45.356)	(8.817)
Cash and cash equivalents at the end of the year	**676.156**	**864.029**

(*) Other non-cash items in 2012 included expenses incurred for the reorganization of the Australian business for Euro 14,2 million.

(**) Purchases of businesses—net of cash acquired in 2013 included the purchase of Mikli International for Euro (71,9) million.
Purchases of businesses—net of cash acquired in 2012 included the purchase of Tecnol—Técnica Nacional de Oculos Ltda for Euro (66,4) million, the purchase of a retail chain in Spain and Portugal for Euro (21,9) million and other minor acquisitions for Euro (11,4) million.

(***) Increase in investment refers to the acquisition of 36,33 percent of the share capital of Salmoiraghi & Viganò in 2013.

(****) Prior year amounts were restated following the adoption of IAS 19 R. See note 2 of the Notes to the Consolidated Financial Statements as of 31 December 2013.

The accompanying notes form an integral part of these consolidated financial statements.

Delfin S.à r.l.

Registered office 7, rue de la Chapelle, L-1325 Luxembourg
Share capital Euro 682.960.000
Authorized and issued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

Delfin S.à r.l. is a holding company incorporated in Italy in 1998. In June 2006 it moved its registered and administrative offices to Luxembourg. The company owns a controlling stake in Luxottica Group S.p.A. (61,902%) (Luxottica), a company operating in the spectacles sector, and various financial investments, a relevant stake, 27,63%, in the french real estate company Foncière des Régions (FDR) that is consolidated with the equity method. The Company also owns controlling stakes in various subsidiaries in Luxembourg and Europe.

Delfin S.à r.l., its direct and indirect subsidiaries are hereby referred as the Group.

Reference is made to the Report by the Board of Directors for discussion of the significant transactions carried out in 2013.

The accounting year of the Company coincides with the calendar year.

The Group employs more than 70.000 peoples in the world.

Luxottica is a global leader in the design, manufacture and distribution of fashion, luxury, sport and performance eyewear.

Thanks to the strong growth enjoyed throughout 2013, total net sales reached a record Euro 7,3 billion, net income attributable to Luxottica's stockholders increased to more than Euro 544 million (part of group 61,902%), headcount approximated 70.000 employees and the Company enjoyed a strong global presence.

Founded in 1961 by Leonardo Del Vecchio, Luxottica is now a vertically integrated organization whose manufacturing of prescription frames, sunglasses and lenses is backed by a wide-reaching wholesale and retail distribution network comprising 6.417 retail locations, as of 31 December 2012, mostly in North America, Asia-Pacific and China.

Product design, development and manufacturing take place in six production facilities in Italy, two wholly owned factories in China and two sports sunglasses production facilities in the United States. Luxottica also has a small plant in India serving the local market.

The design and quality of our products and the strong and well-balanced brand portfolio are known around the world.

House brands include Ray-Ban, one of the world's best-known sun brands, Oakley, Vogue, Persol, Oliver Peoples, Arnette and REVO, and the license brands include Bvlgari, Burberry, Chanel, Dolce & Gabbana, Donna Karan, Polo Ralph Lauren, Paul Smith, Prada, Stella McCartney, Tiffany, Tory Burch, Versace, Coach and starting 2013 Armani and Emporio Armani.

The Luxottica's wholesale distribution network, covering 130 countries across five continents, has 18 distribution centers and over 40 commercial subsidiaries providing direct operations in key markets. The Group is currently seeking to penetrate emerging markets and is exploring new channels of distribution such as department stores, airports and railway stations.

Direct wholesale operations are complemented by an extensive retail network. Luxottica is a leader in the prescription business in North America with its LensCrafters and Pearle Vision retail brands, in Asia-Pacific with OPSM, Laubman & Pank and Budget Eyewear, and in China with LensCrafters. In the retail sun business, the Group operates approximately 2.480 retail locations in North America, Asia-Pacific, South Africa, Europe and the Middle East, mainly through the Sunglass Hut brand.

In North America, Luxottica operates the points of sale for its licensed brands, with over 1.140 stores under the Sears Optical and Target Optical brands. In addition, Luxottica is one of the largest Managed Vision Care operators in the United States, through EyeMed, and the second biggest lens finisher, having a network of five central laboratories and over 900 on-site labs at LensCrafters stores.

The Oakley brand provides a powerful wholesale and retail ("O stores") presence in both the performance optics and the sport channels. In the O store locations, the Group offers a variety of Oakley-branded products in addition to the Oakley sunglass styles. Oakley-branded products include men's and women's apparel, footwear, backpacks and accessories designed for surf, snow, golf, outdoor, motor sport, mountain bike and other athletic lifestyles.

Foncière des Régions (FDR), based in France, is today the leading office property company in Europe. A specialist in "key account"partnerships and long leases, it currently has assets of Euro 10 billion leased to large companies, including France Télécom, Thalès, Accor, EDF, Dassault Systèmes, Suez Environnement, IBM, Telecom Italia and Tecnimont. Its recognised expertise has enabled Foncière des Régions to develop long-term real estate and financial partnerships and grow as a key player in the real estate sector.

It has also successfully launched its business model in other sectors of activity such as business premises (through Foncière des Murs (FDM)) and logistics (through Foncière Europe Logistic (FEL)); it is also present in the residential sector as main shareholder in Foncière Développement Logements.

FDR's Figures as at 31 December 2013:

Euro 10 billion in assets (Group share)

Euro 502 million in rental income (Group share)

290 employees

NAV Euro 77,7

LTV 45,2%

Breakdown of portfolio by type of assets 63% offices, 19% residential, 9% service sector

Breakdown of portfolio by country 62% France, 21% in Italy, 16% Germany

Firm residual lease term 5,7 years

Occupancy rate 96%

Its partnership culture and long-term vision made Foncière des Régions enthusiastic about committing to an ambitious approach to sustainable development, where the environmental aspect takes pride of place and supplements social and corporate actions.

Foncière des Régions has a consistent global strategy suited to the direct and indirect issues and impact associated with its real estate activity.

BASIS OF PREPARATION

The consolidated financial statements of 31 December 2013 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") as issued by the International Accounting Standards Board ("IASB") as of the date of approval of these consolidated financial statements by the Board of Directors of the Company.

IFRS are all the international accounting standards ("IAS") and all the interpretations of the International Financial Interpretations Committee ("IFRIC").

The principles and standards utilized in preparing these consolidated financial statements have been consistently applied through all periods presented.

These consolidated financial statements are composed of a consolidated statement of profit and loss, a consolidated statement of comprehensive income, a statement of financial position, a consolidated statement of cash flows, a statement of changes in stockholders' equity and related notes to the consolidated financial statements.

The presentation of certain prior year information has been reclassified to conform to the current presentation in particular at the level of the subsidiary Luxottica Group. The revision relates to the reclassification of the warehouse and freight-in shipping expenses of certain subsidiaries of the Company from operating expenses, primarily general and administrative expenses, to cost of sales. The Company has determined that the revision, totaling Euro 56,9 million in 2012, is immaterial to the previously reported financial statements and it does not impact any of the key Group's financial indicators.

The Company's reporting currency for the presentation of the consolidated financial statements is the Euro. Unless otherwise specified, the figures in the statements and within these notes to the consolidated financial statements are expressed in thousands of Euro.

The Company presents a consolidated statement of profit and loss using the function of expense method. The Company presents current and non-current assets and current and non-current liabilities as separate classifications in its consolidated statement of financial position. This presentation of the consolidated statement of profit and loss and of the statement of financial position is believed to provide the most relevant information. The statement of the consolidated cash flows was prepared and presented utilizing the indirect method.

The financial statements were prepared using the historical cost convention, with the exception of certain financial assets and liabilities for which measurement at fair value is required.

The consolidated financial statements have been prepared on a going concern basis. Management believes that, there are no material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Pursuant to IAS 14 *Segment Reporting*, the information here reported refers only to the subsidiary Luxottica Group S.p.A., insofar as it is not applicable to all account items of the holding. The primary segment of disclosures made in regard to the subsidiary Luxottica is broken down by sector of activity, while the secondary segment of disclosures provides information broken down on a regional basis.

1. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

Scope of consolidation

The consolidated financial statements at 31 December 2013 of Delfin S.à r.l. include the financial statements of the parent company, all of its subsidiaries and all the companies over which the Group exercises joint control.

The consolidated financial statements at 31 December 2013, approved by the respective boards of directors, were used for all other consolidated companies. The financial statements prepared by the subsidiaries were adjusted by the parent company to bring them into compliance with IFRSs.

Subsidiaries

Subsidiaries are any entities over which the Group has the power to govern the financial and operating policies (as defined by IAS 27-Consolidated and Separate Financial Statements), generally with an ownership of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition - related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of income.

In business combinations achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognizes the resulting gain or loss, if any, in operating income reflecting the Group's strategy to continue growing through acquisitions.

Inter-company transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The individual financial statements used in the preparation of the consolidated financial statements are prepared and approved by the administrative bodies of the individual companies.

Transactions with non-controlling interests

Transactions with non-controlling interests are treated as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss.

Associates

Associates are any entities over which the Group has significant influence but not control, generally with ownership of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of income.

Other companies

Investments in entities in which the Group does not have either control or significant influence, generally with ownership of less than 20%, are originally recorded at cost and subsequently measured at fair value.

Translation of the financial statements of foreign companies

The Group records transactions denominated in foreign currency in accordance with IAS 21-*The Effect of Changes in Foreign Exchange Rates.*

The results and financial position of all the Group entities (none of which have the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

(b) income and expenses for each consolidated statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The exchange rates used to translate foreign operations are reported within the Attachments to the notes to the consolidated financial statements (Schedule 3).

CHANGES IN THE GROUP

During 2013, the composition of the Group changed due to the acquisition of Alain Mikli International SA ("Alain Mikli").

On 25 March 2013, the Group subscribed to shares as part of a capital injection corresponding to a 36,33% equity stake in the Italian optical retailer Samoiraghi & Viganò. The price paid for the investment, which is accounted for using the equity method, was Euro 45 million.

Please refer to Note 4 "Business Combinations," and Note 12 "Goodwill and other Intangible assets" for a description of the primary changes to the composition of the Group.

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Investments qualify as cash equivalents only when they have a maturity of three months or less from the date of the acquisition.

Accounts receivable and other receivables

Accounts receivable and other receivables are carried at amortized cost. Losses on receivables are measured as the difference between the receivables' carrying amount and the present value of estimated future cash flows discounted at the receivables' original effective interest rate computed at the time of initial recognition. The carrying amount of the receivables is reduced through an allowance for doubtful accounts. The amount of the losses on written-off accounts is recorded in the consolidated statement of profit or loss within selling expenses.

Subsequent collections of previously written-off receivables are recorded in the consolidated statement of profit or loss as a reduction of selling expenses.

Inventories

Inventories are stated at the lower of the cost determined by using the average annual cost method by product line, which approximates the weighted average cost, and the net realizable value. Provisions for write-downs for raw materials and finished goods which are considered obsolete or slow moving are computed taking into account their expected future utilization and their realizable value. The realizable value represents the estimated sales price, net of estimated sales and distribution costs.

Land, property, plant and equipment

Land, property, plant and equipment are measured at historical cost. Historical cost includes expenditures that are directly attributable to the acquisition of the items. After initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment loss. Land is not depreciated. The depreciable amount of the items of property, plant and equipment, measured as the difference between their cost and their residual value, is allocated on a straight-line basis over their estimated useful lives as follows:

Buildings and building improvements	From 19 to 40 years
Machinery and equipment	From 3 to 12 years
Aircraft	25 years
Other equipment	From 5 to 8 years
Leasehold Improvements	The lower of useful life and the residual duration of the lease contract

Depreciation ends on the date on which the asset is classified as held for sale, in compliance with *IFRS 5-Non-Current Assets*.

Held for Sale and Discontinued Operations

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying item of property, plant and equipment are capitalized as part of the cost of that asset.
Upon disposal or when no future economic benefits are expected from the use of an item of property, plant and equipment, its carrying amount is derecognized. The gain or loss arising from derecognition is included in profit and loss.

Assets held for sale

Assets held for sale include non-current assets (or disposal groups) whose carrying amount will be primarily recovered through a sale transaction rather than through continuing use and whose sale is highly probable in the short term. Assets held for sale are measured at the lower of their carrying amount and their fair value, less costs to sell.

Finance and operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of income on a straight-line basis over the lease term.

Leases where lessees bear substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each finance lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in "long-term debt" in the statement of financial position. The interest element of the finance cost is charged to the consolidated statement of income over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) *Trademarks and other intangible assets*

Separately acquired trademarks and licenses are shown at historical cost. Trademarks, licenses and other intangible assets, including distribution networks and franchisee agreements, acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives.

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized over the expected life of the customer relationship.

All intangible assets are subject to impairment tests, as required by IAS 36-*Impairment of Assets*, if there are indications that the assets may be impaired.

Impairment of assets

Intangible assets with an indefinite useful life, for example goodwill, are not subject to amortization and are tested at least annually for impairment.

Intangible assets with a definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Intangible assets other than goodwill are reviewed at each reporting date to assess whether there is an indication that an impairment loss recognized in prior periods may no longer exist or has decreased. If such an indication exists, the loss is reversed and the carrying amount of the asset is increased to its recoverable amount, which may not exceed the carrying amount that would have been determined if no impairment loss had been recorded. The reversal of an impairment loss is recorded in the consolidated statement of profit and loss.

Financial assets

The financial assets of the Group may fall into the following categories:

(a) *Financial assets at fair value through profit and loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current or non-current assets based on their maturity.

Transaction costs are immediately recognized in the consolidated statement of profit and loss.

After initial recognition, financial assets at fair value through profit and loss are measured at their fair value each reporting period. Gains and losses deriving from changes in fair value are recorded in the consolidated statement of income in the period in which they occur. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of income as part of other income when the Group's right to receive payments is established.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months or which are not expected to be repaid within 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables are comprised of trade and other receivables. Loans and receivables are initially measured at their fair value plus transaction costs. After initial recognition, loans and receivables are measured at amortized cost, using the effective interest method.

(c) *Financial assets available for sale*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Financial assets available for sale are initially measured at their fair value plus transaction costs. After initial recognition, financial assets available for sale are carried at fair value. Any changes in fair value are recognized in other comprehensive income. Dividend income from financial assets held for sale is recognized in the consolidated statement of income as part of other income when the Group's right to receive payments is established.

(d) *Held to maturity investment*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held to maturity investments are measured at amortised cost using the effective interest method less any impairment.

A regular way purchase or sale of financial assets is recognized using the settlement date.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The fair value of listed financial instruments is based on the quoted price on an active market. If the market for a financial asset is not active (or if it refers to non-listed securities), the Group defines the fair value by utilizing valuation techniques. These techniques include using recent arms-length market transactions between knowledgeable willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flows analysis, and pricing models based on observable market inputs, which are consistent with the instruments under valuation.

The valuation techniques are primarily based on observable market data as opposed to internal sources of information.

At each reporting date, the Group assesses whether there is objective evidence that a financial asset is impaired. In the case of investments classified as financial assets held for sale, a prolonged or significant decline in the fair value of the investment below its cost is also considered an indicator that the asset is impaired. If any such evidence exists for an available-for-sale financial asset, the cumulative loss, measured as the difference between the cost of acquisition and the current fair value, net any impairment loss previously recognized in the consolidated statement of income, is removed from equity and recognized in the consolidated statement of profit and loss.

Any impairment loss recognized on an investment classified as an available-for-sale financial asset is not reversed.

Derivative financial instruments

Derivative financial instruments are accounted for in accordance with IAS 39-*Financial Instruments: Recognition and Measurement.*

At the date the derivative contract is entered into, derivative instruments are accounted for at their fair value and, if they are not designated as hedging instruments, any changes in fair value after initial recognition are recognized as components of net income for the year. If, on the other hand, derivative instruments meet the requirements for being classified as hedging instruments, any subsequent changes in fair value are recognized according to the following criteria, as illustrated below.

The Group designates certain derivatives as instruments for hedging specific risks associated with highly probable transactions (cash flow hedges).

For each derivative financial instrument designated as a hedging instrument, the Group documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives, the hedging strategy and the methodology to measure the hedging effectiveness. The hedging effectiveness of the instruments is assessed both at the hedge inception date and on an ongoing basis. A hedging instrument is considered highly effective when both at the inception date and during the life of the instrument, any changes in fair value of the derivative instrument offset the changes in fair value or cash flows attributable to the hedged items.

If the derivative instruments are eligible for hedge accounting, the following accounting criteria are applicable:

- *Fair value hedge*-when a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability ("hedged item"), both the changes in fair value of the derivative instrument as well as changes in the hedged item are recorded in the consolidated statement of income. The gain or loss related to the ineffective portion of the derivative instrument is recognized in the consolidated statement of income as Other-net.

- *Cash flow hedge*-when a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of recognized assets or liabilities or highly probable forecasted transactions ("cash flow hedge"), the effective portion of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income ("OCI"). The cumulative gain or loss is removed from OCI and recognized in the consolidated statement of income at the same time as the economic effect arising from the hedged item affects income. The gain or loss related to the ineffective portion of the derivative instrument is recognized in the consolidated statement of income as Other-net. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income to Other-net. When a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time remains in equity, and is recognized when the economic effect arising from the hedged item affects income. The Group utilizes derivative financial instruments, primarily Interest Rate Swap and Currency Swap contracts, as part of its risk management policy in order to reduce its exposure to interest rate and exchange rate fluctuations. Despite the fact that certain currency swap contracts are used as an economic hedge of the exchange rate risk, these instruments may not fully meet the criteria for hedge accounting pursuant to IAS 39. If so, the instruments are marked to market at the end of each reporting period and changes in fair value are recognized in the consolidated statement of income.

Accounts payable and other payables

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities.

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Long-term debt

Long-term debt is initially recorded at fair value, less directly attributable transaction costs, and subsequently measured at its amortized cost by applying the effective interest method. If there is a change in expected cash flows, the carrying amount of the long term debt is recalculated by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. Long-term debt is classified under non-current liabilities when the Group retains the unconditional right to defer the payment for at least 12 months after the statement of financial position date and under current liabilities when payment is due within 12 months from the statement of financial position date.

Long-term debt is removed from the statement of financial position when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Current and deferred taxes

The tax expense for the period comprises current and deferred tax.

Tax expenses are recognized in the consolidated statement of income, except to the extent that they relate to items recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Interest and penalties associated with these positions are included in "provision for income taxes" within the consolidated statement of income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Actuarial gains and losses due to changes in actuarial assumptions or to changes in the plan's conditions are recognized as incurred in the consolidated statement of comprehensive income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefits expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Provisions for risks

Provisions for risks are recognized when:

- the Group has a present obligation, legal or constructive, as a result of a past event;
- it is probable that the outflow of resources will be required; and
- the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Risks that are possible are disclosed in the notes. Risks that are remote are not disclosed or provided for.

Share-based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options). The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of income, with a corresponding adjustment to equity.

Recognition of revenues

Revenue is recognized in accordance with IAS 18-*Revenue*. Revenue includes sales of merchandise (both wholesale and retail), insurance and administrative fees associated with the Group's managed vision care business, eye exams and related professional services, and sales of merchandise to franchisees along with other revenues from franchisees such as royalties based on sales and initial franchise fee revenues.

Wholesale Division revenues are recognized from sales of products at the time of shipment, as title and the risks and rewards of ownership of the goods are assumed by the customer at such time. The products are not subject to formal customer acceptance provisions. In some countries, the customer has the right to return products for a limited period of time after the sale. However, such right of return does not impact the timing of revenue recognition. Accordingly, the Group records an accrual for the estimated amounts to be returned. This estimate is based on the Group's right of return policies and practices along with historical data and sales trends. There are no other post-shipment obligations. Revenues received for the shipping and handling of goods are included in sales and the costs associated with shipments to customers are included in operating expenses.

Retail Division revenues are recognized upon receipt by the customer at the retail location or, for internet and catalogue sales, when goods are shipped to the customer. In some countries, the Group allows retail customers to return goods for a period of time and, as such, the Group records an accrual for the estimated amounts to be returned. This accrual is based on the historical return rate as a percentage of net sales and the timing of the returns from the original transaction date. There are no other post-shipment obligations. Additionally, the Retail Division enters into discount programs and similar relationships with third parties that have terms of twelve or more months. Revenues under these arrangements are recognized upon receipt of the products or services by the customer at the retail location. For internet and catalogue sales, advance payments and deposits from customers are not recorded as revenues until the product is delivered. The Retail Division also includes managed vision care revenues consisting of both fixed fee and fee-for-service managed vision care plans. For fixed-fee-plans, the plan sponsor pays the Group a monthly premium for each enrolled subscriber. Premium revenue is recognized as earned during the benefit coverage period. Premiums are generally billed in the month of benefit coverage. Any unearned premium revenue is deferred and recorded within other current liabilities on the consolidated statement of financial position. For fee for service plans, the plan sponsor pays the Company a fee to process its claims. Revenue is recognized as the services are rendered. This revenue is presented as third party administrative services revenue. For these programs, the plan sponsor is responsible for funding the cost of claims. Accruals are established for amounts due under these relationships estimated to be uncollectible.

Franchise revenues based on sales by franchisees (such as royalties) are accrued and recognized as earned. Initial franchise fees are recorded as revenue when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied by the Group and when the related store begins operations. Allowances are established for amounts due under these relationships when they are determined to be uncollectible.

The Group licenses to third parties the rights to certain intellectual property and other proprietary information and recognizes royalty revenues when earned.

The Wholesale and Retail Divisions may offer certain promotions during the year. Free frames given to customers as part of a promotional offer are recorded in cost of sales at the time they are delivered to the customer. Discounts and coupons tendered by customers are recorded as a reduction of revenue at the date of sale. Volume rebates are accrued as reduction of sales when they become earned by the customer.

Use of accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions which influence the value of assets and liabilities as well as revenues and costs reported in the consolidated statement of financial position and in the consolidated statement of income, respectively or the disclosures included in the notes to the consolidated financial statements in relation to potential assets and liabilities existing as of the date the consolidated financial statements were authorized for issuance.

Estimates are based on historical experience and other factors. The resulting accounting estimates could differ from the related actual results. Estimates are periodically reviewed and the effects of each change are reflected in the consolidated statement of income in the period in which the change occurs.

The current economic and financial crisis has resulted in the need to make assumptions on future trends that are characterized by a significant degree of uncertainty and, therefore, the actual results in future years may significantly differ from the estimate.

The most significant accounting principles which require a higher degree of judgment from management are illustrated below.

(a) Valuation of receivables. Receivables from customers are adjusted by the related allowance for doubtful accounts in order to take into account their recoverable amount. The determination of the amount of write-downs requires judgment from management based on available documentation and information, as well as the solvency of the customer, and based on past experience and historical trends;

(b) Valuation of inventories. Inventories which are obsolete and slow moving are periodically evaluated and written down in the case that their recoverable amount is lower than their carrying amount. Write-downs are calculated on the basis of management assumptions and estimates which are derived from experience and historical results;

(c) Valuation of deferred tax assets. The valuation of deferred tax assets is based on forecasted results which depend upon factors that could vary over time and could have significant effects on the valuation of deferred tax assets;

(d) Income taxes. The Group is subject to different tax jurisdictions. The determination of tax liabilities for the Group requires the use of assumptions with respect to transactions whose fiscal consequences are not yet certain at the end of the reporting period. The Group recognizes liabilities which could result from future inspections by the fiscal authorities on the basis of an estimate of the amounts expected to be paid to the taxation authorities. If the result of the abovementioned inspections differs from that estimated by Group management, there could be significant effects on both current and deferred taxes;

(e) Valuation of goodwill. Goodwill is subject to an annual impairment test. This calculation requires management's judgment based on information available within the Group and the market, as well as on past experience;

(f) Benefit plans. The Group participates in benefit plans in various countries. The present value of pension liabilities is determined using actuarial techniques and certain assumptions. These assumptions include the discount rate, the expected return on plan assets, the rates of future compensation increases and rates relative to mortality and resignations. Any change in the abovementioned assumptions could result in significant effects on the employee benefit liabilities.

Treasury Shares

Treasury shares are recorded as a reduction of stockholders' equity. The original cost of treasury shares, as well as gains or losses on the purchase, sale or cancellation of treasury shares, are recorded in the consolidated statement of Stockholders' equity.

2. NEW ACCOUNTING PRINCIPLES

New and amended accounting standards and interpretations, if not early adopted, must be adopted in the financial statements issued after the applicable effective date.

New standards and amendments which are effective for reporting periods beginning on or after 1 January 2013.

Amendments to IAS 19—Employee benefits. The amendments to the standard require that the expense for a funded benefit plan include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. Furthermore actuarial gains and losses are recognized immediately in the OCI and will not be recycled to profit and loss in subsequent periods.

The amendments, endorsed by the European Union in 2012, are applied retrospectively to all periods presented. As a result of the application of this new standard, in 2012 income from operations and net income attributable to Luxottica stockholders decreased by Euro 11,9 million and Euro 7,3 million, respectively, and OCI increased by Euro 7,3 million.

Amendments to IAS 1—Financial statements presentation regarding other comprehensive income. The amendments require separate presentation of items of other comprehensive income that are reclassified subsequently to profit or loss (recyclable) and those that are not reclassified to profit or loss (non-recyclable). The amendments do not change the existing option to present an entity's performance in two statements and do not address the content of performance statements. The amendments were endorsed by the European Union in 2012. The new presentation requirements have been applied to all periods presented.

IFRS 13—Fair value measurements. The standard provides a precise definition of fair value and a single source of fair value measurement. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard, published by the IASB in May 2011, was endorsed by the European Union in 2012. The standard had no significant impact on the consolidated financial statements of the Group as the methodologies to calculate the fair value introduced by the new standard do not differ from those already used by the Group.

Amendments to IFRS 7—Financial Instruments: Disclosures on offsetting financial assets and financial liabilities. The amendments enhance current offsetting disclosures in order to facilitate the comparison between those entities that prepare IFRS financial statements and those that prepare financial statements in accordance with generally accepted accounting principles in the United States (US GAAP). The standard, published by the IASB in December 2011, was endorsed by the European Union in 2012. The standard had no significant impact on the consolidated financial statements of the Group.

On May 17, 2012 the IASB issued the following IFRS amendments, which had no significant impact on consolidated financial statements of the Group. The amendments were endorsed by the European Union in March 2013.

- *IFRS 1—First time adoption.*
- *IAS 1—Financial statement presentation.*
- *IAS 16—Property, plant and equipment.*
- *IAS 32—Financial instruments: Presentation.*
- *IAS 34—Interim financial reporting.*

New standards and amendments which are effective for reporting periods beginning after 1 January 2014 and early adopted.

IFRS 10—Consolidated financial statements. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The Standard provides additional guidance to assist in determining control. The standard, published in May 2011, had no impact on the consolidated financial statements of the Group.

IFRS 11—Joint ventures. The standard focuses on the rights and obligations of the arrangement, rather than on its legal form. There are two types of joint arrangements. Joint operations arise where the joint operators have rights and obligations related to the arrangements. Joint ventures arise where the joint operators have rights to the net assets of the arrangement. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The Standard provides additional guidance to assist in determining control. Proportionate consolidation is no longer allowed. The standard, published in May 2011, had no impact on the consolidated financial statements of the Group.

IFRS 12—Disclosures of interests in other entities. The standard includes disclosure requirements for all forms of interests in other entities. The standard, published in May 2011, had no significant impact on the consolidated financial statements of the Group.

Amendments to IFRS 10, 11 and 12. The amendments provide guidelines on the comparative information. The standard, published in July 2012, had no impact on the consolidated financial statements of the Group.

IAS 27 (revised 2011) Separate financial statements. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The standard, published in May 2011, had no impact on the consolidated financial statements of the Group.

IAS 28 (revised 2011) Associates and Joint ventures. The standard includes the requirements for joint ventures, as well as associates, to be accounted using the equity method following the issue of IFRS 11. The standard, published in May 2011, had no impact on the consolidated financial statements of the Group.

Amendments and interpretations of existing principles which are effective for reporting periods beginning after 1 January 2014 and not early adopted.

IFRS 9—Financial instruments, issued in November 2009. The standard is the first step in the process to replace IAS 39—Financial instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. The new standard reduces the number of categories of financial assets pursuant to IAS 39 and requires that all financial assets be: (i) classified on the basis of the model which a company has adopted in order to manage its financial activities and on the basis of the cash flows from financing activities; (ii) initially measured at fair value plus any transaction costs in the case of financial assets not measured at fair value through profit and loss; and (iii) subsequently measured at their fair value or at the amortized cost. IFRS 9 also provides that embedded derivatives which fall within the scope of IFRS 9 must no longer be separated from the primary contract which contains them and states that a company may decide to directly record—within the consolidated statement of comprehensive income—any changes in the fair value of investments which fall within the scope of IFRS 9. The standard is not applicable until 1 January 2015, but is available for early adoption. The Group is assessing the full impact of adopting IFRS 9.

Amendments to IAS 32—Financial instruments. The amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The standard, published in December 2011, is effective for annual periods beginning on or after 1 January 2014. The adoption of the standard will not have a significant impact on the consolidated financial statements of the Group.

Amendments to IAS 36—Impairment of assets. The amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposals. The amendments are effective for annual periods beginning on or after 1 January 2014. The adoption of the standard will not have a significant impact on the consolidated financial statements of the Group.

3. FINANCIAL RISKS

Group activities are exposed to various types of financial risk: market risk (which includes exchange rate risk, interest rate risk in connection with fair value and cash flow), credit risk and liquidity risk. The Group's risk management strategy is designed to stabilise the Group's results by minimising the potential effects due to volatility on financial markets. Exchange rate risk is mitigated by recourse to derivative instruments.

The Group is mainly exposed to interest rate and liquidity risk. The holding has direct control of these risks only for the companies not listed in one stock exchange.

a) Liquidity Risk

The Group has direct control of risk management. In particular, liquidity risk is prudently managed by maintaining an adequate level of cash and available funds in the form of credit lines.

The following tables include a summary, by maturity date, of assets and liabilities at 31 December 2013 and 31 December 2012. The reported balances are contractual and undiscounted figures. With regards to forward foreign currency contracts, the tables relating to assets report the flows relative to only receivables. These amounts will be counterbalanced by the payables, as reported in the tables relating to liabilities.

	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
At 31 December 2012				
Cash and cash equivalents	864.029	-	-	-
Derivatives receivable	6.048	-	-	-
Accounts receivable	700.470	-	-	-
Other current assets	114.425	-	-	-

	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
At 31 December 2013				
Cash and cash equivalents	676.156	-	-	-
Derivatives receivable	6.039	-	-	-
Accounts receivable	680.938	-	-	-
Other current assets	194.428	-	-	-

	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
At 31 December 2012				
Debt owed to banks and other financial institutions	1.471.019	1.107.256	229.120	1.086.670
Derivatives payable	1.119	-	-	-
Accounts payables	684.123	-	-	-
Other current liabilities	766.891	-	-	-

	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
At 31 December 2013				
Debt owed to banks and other financial institutions	1.452.202	613.565	191.511	894.470
Derivatives payable	1.471			
Accounts payables	682.986			
Other current liabilities	874.506			

In 2013 the FDR bonds were reclassified from fixed assets to current assets available for sale because during the year the Company sold a significant part of them.

b) Interest rate risk

The interest rate risk to which the Group is exposed originates mainly from long-term financial payables. These payables are subject to a floating rate.

Simulations show that the impact on net income of an increase or decrease of 100 basis points, when all other variables are held constant, would cause a maximum increase of Euro 14,2 million (Euro 14,8 million at 31 December 2012) or a decrease of Euro 14,3 million (Euro 14,8 million at 31 December 2012).

To provide complete information about the financial risks, the following table shows a reconciliation between classes of financial assets and liabilities and the types of financial assets and liabilities identified pursuant to the requirements of IFRS 7 (in thousands of Euro):

31 December 2013	Investment in associates	Financial assets at fair value through profit and loss	Loans and receivables	Investments held until maturity	Financial assets available for sale	Financial liabilities at fair value through profit and loss	Hedging derivatives	Other liabilities	Total
Cash and cash equivalents			676.156						676.156
Accounts receivable			680.938						680.938
Other current assets		6.039	170.651		113.283				289.973
Other non-current assets	1.403.996		58.147	20.000	1.839.939				3.322.082
Short-term borrowings			1.162.158						1.162.158
Current portion of long-term debt			318.100						318.100
Accounts payable			682.986						682.986
Other current liabilities			855.971			1.471			857.442
Long-term debt			1.176.410						1.716.410
Other non-current liabilities			71.688						71.688

31 December 2012	Investment in associates	Financial assets at fair value through profit and loss	Loans and receivables	Investments held until maturity	Financial assets available for sale	Financial liabilities at fair value through profit and loss	Hedging derivatives	Other liabilities	Total
Cash and cash equivalents	-	-	864.029	-	-	-	-	-	864.029
Accounts receivable	-	-	700.470	-	-	-	-	-	700.470
Other current assets	-	6.048	56.572	60.000	4.243	-	-	-	126.863
Other non-current assets	1.334.665	-	63.506	180.000	1.096.193	-	-	-	2.674.364
Short-term borrowings	-	-	-	-	-	-		1.144.766	1.144.766
Current portion of long-term debt	-	-	-	-	-	-	-	310.072	310.072
Accounts payable	-	-	-	-	-	-	-	684.123	684.123
Other current liabilities	-	-	-	-	-	681	438	767.762	768.881
Long-term debt	-	-	-	-	-	-	-	2.052.105	2.052.105
Other non-current liabilities	-	-	-	-	-	-	-	52.702	52.702

c) <u>Fair value</u>

In order to determine the fair value of financial instruments, the Group utilizes valuation techniques which are based on observable market prices (Mark to Model). These techniques therefore fall within Level 2 of the hierarchy of Fair Values identified by IFRS 13.

IFRS 13 refers to valuation hierarchy techniques which are based on three levels:

- Level 1: Inputs are quoted prices in an active market for identical assets or liabilities;
- Level 2: Inputs used in the valuations, other than the prices listed in Level 1, are observable for each financial asset or liability, both directly (prices) and indirectly (derived from prices); and
- Level 3: Unobservable inputs used when observable inputs are not available in situations where there is little, if any, market activity for the asset or liability.

In order to select the appropriate valuation techniques to utilize, the Group complies with the following hierarchy:

a) Utilization of quoted prices in an active market for identical assets or liabilities (Comparable Approach);

b) Utilization of valuation techniques that are primarily based on observable market prices; and

c) Utilization of valuation techniques that are primarily based on non-observable market prices.

The Group determined the fair value of the derivatives existing on 31 December 2013 through valuation techniques which are commonly used for instruments similar to those traded by the Group. The models applied to value the instruments are based on a calculation obtained from the Bloomberg information service. The input data used in these models are based on observable market prices (the Euro and USD interest rate curves as well as official exchange rates on the date of valuation) obtained from Bloomberg.

The following table summarizes the financial assets and liabilities of the Group valued at fair value (in thousands of Euro):

Description	Classification within the Consolidated Statement of Financial Position	31 December 2013	Fair Value Measurements at Reporting Date Using: Level 1	Level 2	Level 3
Foreign Exchange Contracts	Other current assets	6.039	-	6.039	-
Interest Rate Derivatives	Other non-current liabilities		-		-
Foreign Exchange Contracts and Interest Rate Derivatives	Other current liabilities	1.471	-	1.471	-

Description	Classification within the Consolidated Statement of Financial Position	31 December 2012	Fair Value Measurements at Reporting Date Using: Level 1	Level 2	Level 3
Foreign Exchange Contracts	Other current assets	6.048	-	6.048	-
Interest Rate Derivatives	Other non-current liabilities	-	-	-	-
Foreign Exchange Contracts and Interest Rate Derivatives	Other current liabilities	1.119	-	1.119	-

As of 31 December 2013 and 2012, the Group did not have any Level 3 fair value measurements.

The Group maintains policies and procedures with the aim of valuing the fair value of assets and liabilities using the best and most relevant data available.

The Group portfolio of foreign exchange derivatives includes only forward foreign exchange contracts on the most traded currency pairs with maturity less than one year. The fair value of the portfolio is valued using internal models that use observable market inputs including Yield Curves and Spot and Forward prices.

FINANCIAL RISKS OF LUXOTTICA GROUP S.P.A.

The financial risks of the **subsidiary Luxottica Group S.p.A.** are material and have thus been reported.

The assets of the Luxottica Group are exposed to different types of financial risk: market risk (which includes exchange rate risks, interest rate risk relative to fair value variability and cash flow uncertainty), credit risk and liquidity risk. The risk management strategy of the Luxottica Group aims to stabilize the results of the Luxottica Group by minimizing the potential effects due to volatility in financial markets. The Luxottica Group uses derivative financial instruments, principally interest rate and currency swap agreements, as part of its risk management strategy.

Financial risk management is centralized within the Treasury department which identifies, evaluates and implements financial risk hedging activities, in compliance with the Financial Risk Management Policy guidelines approved by the Board of Directors, and in accordance with the Group operational units. The Policy defines the guidelines for any kind of risk, such as the exchange rate risk, the interest rate risk, credit risk and the utilization of derivative and non-derivative instruments. The Policy also specifies the management activities, the permitted instruments, the limits and proxies for responsibilities.

(a) Exchange rate risk

The Group operates at the international level and is therefore exposed to exchange rate risk related to the various currencies with which the Group operates. The Group only manages transaction risk. The transaction exchange rate risk derives from commercial and financial transactions in currencies other than the functional currency of the Group, i.e., the Euro.

The primary exchange rate to which the Group is exposed is the Euro/USD exchange rate.

The exchange rate risk management policy defined by the Group's management states that transaction exchange rate risk must be hedged for a percentage between 50% and 100% by trading forward currency contracts or permitted option structures with third parties.

This exchange rate risk management policy is applied to all subsidiaries, including companies which have been recently acquired.

If the Euro/USD exchange rate increases by 10% as compared to the actual 2013 and 2012 average exchange rates and all other variables remain constant, the impact on net income and equity would have been a decrease of Euro 72,8 million and Euro 56,7 million, in 2013 and 2012, respectively. If the Euro/USD exchange rate decreases by 10% as compared to the actual 2013 and 2012 average exchange rates and all other variables remain constant, the impact on net income and equity would have been an increase of Euro 89,0 million and Euro 69,3 million in 2013 and 2012, respectively. Even if exchange rate derivative contracts are stipulated to hedge future commercial transactions as well as assets and liabilities previously recorded in the financial statements in foreign currency, these contracts, for accounting purposes, may not be accounted for as hedging instruments.

(b) Price risk

The Group is generally exposed to price risk associated with investments in bond securities which are classified as assets at fair value through profit and loss. As of 31 December 2013 and 2012, the Group investment portfolio was fully divested. As a result, there was no exposure to price risk on such dates.

(c) Credit risk

Credit risk exists in relation to accounts receivable, cash, financial instruments and deposits in banks and other financial institutions.

c1) The credit risk related to commercial counterparties is locally managed and monitored by a group credit control department for all entities included in the Wholesale distribution segment. Credit risk which originates within the retail segment is locally managed by the companies included in the retail segment.

Losses on receivables are recorded in the financial statements if there are indicators that a specific risk exists or as soon as risks of potential insolvency arise, by determining an adequate accrual for doubtful accounts.

The allowance for doubtful accounts used for the Wholesale segment and in accordance with the credit policy of the Group is determined by assigning a rating to customers according to the following categories:

- "GOOD" (active customers), for which no accrual for doubtful accounts is recorded for accounts receivable overdue for less than 90 days. Beyond 90 days overdue a specific accrual is made in accordance with the customer's credit worthiness (customers "GOOD UNDER CONTROL"); and
- "RISK" (no longer active customers), for which the outstanding accounts receivable are fully provided. The following are examples of events that may fall into the definition of RISK:

a. Significant financial difficulties of the customers;

b. A material contract violation, such as a general breach or default in paying interest or principal;

c. The customer declares bankruptcy or is subject to other insolvency proceedings; and

d. All cases in which there is documented proof certifying the non-recoverability of the receivables (i.e., the inability to trace the debtor, seizures).

Furthermore, the assessment of the losses incurred in previous years is taken into account to determine the balance of the bad debt provision.

The Group does not have significant concentrations of credit risk. In any case, there are proper procedures in place to ensure that the sales of products and services are made to reliable customers on the basis of their financial position as well as past experience and other factors. Credit limits are defined according to internal and external evaluations that are based on thresholds approved by the Board of Directors.

The utilization of the credit limits is regularly monitored through automatic controls.

Moreover, the Group has entered into an agreement with an insurance company in order to cover the credit risk associated with customers of Luxottica Trading and Finance Ltd. in those countries where the Group does not have a direct presence.

c2) With regards to credit risk related to the management of financial resources and cash availabilities, the risk is managed and monitored by the Group Treasury Department through financial guidelines to ensure that all the Group subsidiaries maintain relations with primary bank counterparties. Credit limits with respect to the primary financial counterparties are based on evaluations and analyses that are implemented by the Group Treasury Department.

Within the Group there are various shared guidelines governing the relations with the bank counterparties, and all the companies of the Group comply with the "Financial Risk Policy" directives.

Usually, the bank counterparties are selected by the Group Treasury Department and cash availabilities can be deposited, over a certain limit, only with counterparties with elevated credit ratings (A rating from S&P and A2 rating from Moody's), as defined in the policy.

Operations with derivatives are limited to counterparties with solid and proven experience in the trading and execution of derivatives and with elevated credit ratings, as defined in the policy, in addition to being subordinate to the undersigning of an ISDA Master Agreement. In particular, counterparty risk of derivatives is mitigated through the diversification of the counterparty banks with which the Group deals. In this way, the exposure with respect to each bank is never greater than 25% of the total notional amount of the derivatives portfolio of the Group.

During the course of the year, there were no situations in which credit limits were exceeded. Based on the information available to the Group, there were no potential losses deriving from the inability of the abovementioned counterparties to meet their contractual obligations.

(d) *Liquidity risk*

The management of the liquidity risk which originates from the normal operations of the Group involves the maintenance of an adequate level of cash availabilities as well as financial availabilities through an adequate amount of committed credit lines.

With regards to the policies and actions that are used to mitigate liquidity risks, the Group takes adequate actions in order to meet its obligations. In particular, the Group:

- utilizes debt instruments or other credit lines in order to meet liquidity requirements;
- utilizes different sources of financing and, as of 31 December 2013, had unused lines of credit of approximately Euro 1.242,6 million (of which Euro 500,0 million are committed lines);
- is not subject to significant concentrations of liquidity risk, both from the perspective of financial assets as well as in terms of financing sources;
- utilizes different sources of bank financing but also a liquidity reserve in order to promptly meet any cash requirements;
- implements systems to concentrate and manage the cash liquidity (Cash Pooling) in order to more efficiently manage the Group financial flows, thereby avoiding the dispersal of liquid funds and minimizing financial charges; and

- monitors, through the Treasury Department, forecasts on the utilization of liquidity reserves of the Group based on expected cash flows.

The following tables include a summary, by maturity date, of assets and liabilities at 31 December 2013 and 31 December 2012. The reported balances are contractual and undiscounted figures. With regards to forward foreign currency contracts, the tables relating to assets report the flows relative to only receivables. These amounts will be counterbalanced by the payables, as reported in the tables relating to liabilities.

(Amounts in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
As of 31 December 2013				
Cash and cash equivalents	617.995	-	-	-
Derivatives receivable	6.039	-	-	-
Accounts receivable	680.296	-	-	-
Other current assets	84.546	-	-	-

(Amounts in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
As of 31 December 2012				
Cash and cash equivalents	790.093	-	-	-
Derivatives receivable	6.048	-	-	-
Accounts receivable	698.755	-	-	-
Other current assets	48.377	-	-	-

(Amounts in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
As of 31 December 2013				
Debt owed to banks and other financial institutions	331.964	613.565	191.511	894.470
Derivatives payable	1.471			
Accounts payable	681.151			
Other current liabilities	473.411			

(Amounts in thousands of Euro)	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years
As of 31 December 2012				
Debt owed to banks and other financial institutions	416.538	1.107.256	229.120	1.086.670
Derivatives payables	1.119	-	-	-
Accounts payable	682.588	-	-	-
Other current liabilities	534.422	-	-	-

(c) *Interest rate risk*

The interest rate risk to which the Group is exposed primarily originates from long-term debt. Such debt accrues interest at both fixed and floating rates.

With regard to the risk arising from fixed-rate debt, the Group does not apply specific hedging policies since it does not deem the risk to be material.

Floating-rate debt exposes the Group to a risk from the volatility of the interest rates (cash flow risk). In relation to this risk, and for the purposes of the related hedging, the Group utilizes derivate contracts, specifically Interest Rate Swap (IRS) agreements, which exchange the floating rate for a fixed rate, thereby reducing the risk from interest rate volatility.

The risk policy of the Group requires the maintenance of a percentage of fixed-rate debt that is greater than 25% and less than 75% of total debt. This percentage is managed by entering into fixed rate debt agreements or by utilizing IRS agreements, when required.

On the basis of various scenarios, the Group calculates the impact of rate changes on the consolidated statement of income. For each scenario, the same interest rate change is utilized for all currencies. The various scenarios only include those liabilities at floating rates that are not hedged with fixed interest rate swaps. On the basis of these scenarios, the impact as of 31 December 2013 and net of tax effect of an increase/decrease of 100 basis points on net income, in a situation with all other variables unchanged, would have been a maximum decrease of Euro 3,0 million (Euro 3,0 million as of 31 December 2012) or a maximum increase of Euro 3,0 million (Euro 3,0 million as of 31 December 2012).

All IRS agreements expired as of 29 May 2013. As of 31 December 2012, in the event that interest rates increased/decreased by 100 basis points, with all other variables unchanged, the stockholders' equity reserves would have been greater/(lower) by Euro 0,2 million, net of tax effect in connection with the increase/decrease of the fair value of the derivatives used for the cash flow hedges.

As of 31 December 2013	Plus 100 basis points		Minus 100 basis points	
(Amounts in millions of Euro)	Net income	Reserve	Net income	Reserve
Liabilities	(3,0)	-	3,0	-
Hedging derivatives (cash flow hedges)	-	-	-	-

As of 31 December 2012	Plus 100 basis points		Minus 100 basis points	
(Amounts in millions of Euro)	Net income	Reserve	Net income	Reserve
Liabilities	(3,0)	-	3,0	-
Hedging derivatives (cash flow hedges)	-	0,2	-	-

For the purposes of fully disclosing information about financial risks, a reconciliation between classes of financial assets and liabilities and the types of financial assets and liabilities identified on the basis of IFRS 7 requirements is reported below (in thousands of Euro):

	Financial assets at fair value through profit and loss	Loans and receivables	Investments held until maturity	Financial assets available for sale	Financial liabilities at fair value through profit and loss	Hedging derivatives	Total
31 December 2013							
Cash and cash equivalents	—	617,995	—	—	—	—	617,995
Accounts receivable	—	680,296	—	—	—	—	680,296
Other current assets	6,039	84,546	—	—	—	—	90,856
Other non-current assets	—	57,390	—	—	—	—	57,390
Short-term borrowings	—	44,921	—	—	—	—	44,921
Current portion of long-term debt	—	318,100	—	—	—	—	318,100
Accounts payable	—	681,151	—	—	—	—	681,151
Other current liabilities	—	473,411	—	—	1,471		474,882
Long-term debt	—	1,716,410	—	—	—	—	1,716,410
Other non-current liabilities	—	71,688	—	—	—	—	71,688

	Financial assets at fair value through profit and loss	Loans and receivables	Investments held until maturity	Financial assets available for sale	Financial liabilities at fair value through profit and loss	Hedging derivatives	Total
31 December 2012							
Cash and cash equivalents	-	790.093	-	-	-	-	790.093
Accounts receivable	-	698.755	-	-	-	-	698.755
Other current assets	6.048	48.377	-	-	-	-	54.425
Other non-current assets	-	62.718	-	-	-	-	62.718
Short-term borrowings	-	90.284	-	-	-	-	90.284
Current portion of long-term debt	-	310.072	-	-	-	-	310.072
Accounts payable	-	682.588	-	-	-	-	682.588
Other current liabilities	-	534.422	-	-	681	438	535.541
Long-term debt	-	2.052.107	-	-	-	-	2.052.107
Other non-current liabilities	-	52.702	-	-	-	-	52.702

(f) *Default risk: negative pledges and financial covenants*

The financing agreements of the Luxottica Group could require compliance with negative pledges and financial covenants, as set forth in the respective agreements, with the exception of our bond issues dated 10 November 2010 and 19 March 2012, which require compliance only with negative pledges.

With regards to negative pledges, in general, the clauses prohibit the Company and its subsidiaries from granting any liens or security interests on any of their assets in favor of third parties without the consent of the lenders over a threshold equal to 30% of the Group consolidated stockholders' equity. In addition, the sale of assets of the Company and its subsidiaries is limited to a maximum threshold of 30% of consolidated assets.

Default with respect to the abovementioned clauses—and following a grace period during which the default can be remedied—would be considered a material breach of the contractual obligations pursuant to the financing agreements of the Group.

Financial covenants require the Group to comply with specific levels of financial ratios. The most significant covenants establish a threshold for the ratio of net debt of the Group to EBITDA (Earnings before interest, taxes, depreciation and amortization) as well as EBITDA to financial charges and priority debt to share equity. The covenants are reported in the following table:

Net Financial Position/Pro forma EBITDA	<3,5 x
EBITDA/Pro forma financial charges	>5 x
Priority Debt/Share Equity	<20 x

In the case of a failure to comply with the abovementioned ratios, the Luxottica Group may be called upon to pay the outstanding debt if it does not correct such default within a period of 15 business days from the date of reporting such default.

Compliance with these covenants is monitored by the Group at the end of each quarter and, as of 31 December 2013, the Group was fully in compliance with these covenants. The Group also analyzes the trend of these covenants in order to monitor its compliance and, as of today, the analysis indicates that the ratios of the Group are below the thresholds which would result in default.

g) *Fair value*

In order to determine the fair value of financial instruments, the Group utilizes valuation techniques which are based on observable market prices (Mark to Model). These techniques therefore fall within Level 2 of the hierarchy of Fair Values identified by IFRS 13.

IFRS 13 refers to valuation hierarchy techniques which are based on three levels:

- Level 1: Inputs are quoted prices in an active market for identical assets or liabilities;
- Level 2: Inputs used in the valuations, other than the prices listed in Level 1, are observable for each financial asset or liability, both directly (prices) and indirectly (derived from prices); and
- Level 3: Unobservable inputs used when observable inputs are not available in situations where there is little, if any, market activity for the asset or liability.

In order to select the appropriate valuation techniques to utilize, the Group complies with the following hierarchy:

a) Utilization of quoted prices in an active market for identical assets or liabilities (Comparable Approach);

b) Utilization of valuation techniques that are primarily based on observable market prices; and

c) Utilization of valuation techniques that are primarily based on non-observable market prices.

The Luxottica Group determined the fair value of the derivatives existing on 31 December 2013 through valuation techniques which are commonly used for instruments similar to those traded by the Luxottica Group. The models applied to value the instruments are based on a calculation obtained from the Bloomberg information service. The input data used in these models are based on observable market prices (the Euro and USD interest rate curves as well as official exchange rates on the date of valuation) obtained from Bloomberg.

The following table summarizes the financial assets and liabilities of the Group valued at fair value (in thousands of Euro):

Description	Classification within the Consolidated Statement of Financial Position	31 December 2013	Fair Value Measurements at Reporting Date Using: Level 1	Level 2	Level 3
Foreign Exchange Contracts	Other current assets	6.039	-	6.039	-
Interest Rate Derivatives	Other non-current liabilities	-	-	-	-
Foreign Exchange Contracts and Interest Rate Derivatives	Other current liabilities	1.471	-	1.471	-

Description	Classification within the Consolidated Statement of Financial Position	31 December 2012	Fair Value Measurements at Reporting Date Using: Level 1	Level 2	Level 3
Foreign Exchange Contracts	Other current assets	6.048		6.048	-
Interest Rate Derivatives	Other non-current liabilities				-
Foreign Exchange Contracts and Interest Rate Derivatives	Other current liabilities	1.119		1.119	-

As of 31 December 2013 and 2012, Luxottica Group did not have any Level 3 fair value measurements.

The Luxottica Group maintains policies and procedures with the aim of valuing the fair value of assets and liabilities using the best and most relevant data available.

The Luxottica Group portfolio of foreign exchange derivatives includes only forward foreign exchange contracts on the most traded currency pairs with maturity less than one year. The fair value of the portfolio is valued using internal models that use observable market inputs including Yield Curves and Spot and Forward prices.

4. BUSINESS COMBINATIONS

On 23 January 2013, the Group completed the acquisition of Alain Mikli International, a French luxury and contemporary eyewear company. The consideration for the acquisition was Euro 85,2 million. The purchase price paid in 2013, including the assumption of approximately Euro 15,0 million of Alain Mikli's net debt, totaled Euro 91.0 million, excluding advance payments made in 2012 and receivables from Alain Mikli. Net sales generated by Alain Mikli International in 2012 were approximately Euro 55,5 million. The acquisition furthers the Group's strategy of continually strengthening of its brand portfolio.

The valuation process to calculate the fair value of the acquired Alain Mikli net assets was concluded as of the date these financial statements were authorized for issue.

The difference between the consideration paid and the net assets acquired was recorded as goodwill and intangible assets of Euro 58,7 million and Euro 33,5 million, respectively. The goodwill is not tax deductible and primarily reflects the synergies that the Group estimates it will derive from the acquisition.

The following table summarizes the consideration paid, the fair value of assets acquired and liabilities assumed at the acquisition date (in thousands of Euro):

Consideration	85.179
Cash and cash equivalents acquired	(3.771)
Debt acquired	18.304
Total consideration	**99.712**
Recognized amount of net identifiable assets	
Accounts receivable—net	9.975
Inventory	11.397
Other current receivables	4.156
Fixed assets	3.470
Trademarks and other intangible assets	33.800
Investments	113
Other long term receivables	6.642
Accounts payable	(10.708)
Other current liabilities	(5.590)
Income tax payable	(231)
Deferred tax liabilities	(9.014)
Other long-term liabilities	(2.996)
Total net identifiable assets	**41.012**
Goodwill	58.700
Total	**99.712**

Transaction - related costs of approximately Euro 1,2 million were expensed as incurred.

On April 25, 2013, Sunglass Hut Mexico ("SGH Mexico"), a subsidiary of Luxottica, acquired the sun business of Grupo Devlyn S.A.P.I. de C.V. ("Devlyn"). As a result of the acquisition the shareholders of Devlyn received a minority stake in SGH Mexico of 20 percent and a put option to sell the shares to the Company, while the Company was granted a call option on the minority stake. The exercise price of the options was estimated based on the expected EBITDA, net sales and net financial position at the end of the lock-up period identified in the contract. The acquisition of the Group's interest in Devlyn was accounted for as a business combination in accordance with IFRS 3. In particular, the Group recorded provisional goodwill of approximately Euro 6,0 million and a liability for the present value of the put option of approximately Euro 9,5 million. The valuation of the net assets acquired will be completed within the twelve-month period subsequent to the acquisition. The transaction furthers the Group's strategy of increasing its presence in Latin America.

5. INFORMATION BY BUSINESS SEGMENT AND GEOGRAFICAL AREA MAINLY RELATED THE SUBSIDIARY LUXOTTICA GROUP SPA

In accordance with IFRS 8, *Operating segments* the Group operates in two main industry segments: (1) manufacturing and wholesale distribution, and (2) retail distribution.

The criteria applied to identify the reporting segments are consistent with the way the Group is managed. In particular, the disclosures are consistent with the information periodically analysed by the Group's Chief Executive Officer, in his role as Chief Operating Decision Maker, to make decisions about resources to be allocated to the segments and assess their performance.

Total assets for each reporting segment are no longer disclosed as they are not regularly reported to the highest authority in the Group's decision-making process.

(Amounts in thousands of Euro)	Manufacturing and Wholesale Distribution	Retail Distribution	Inter-segment transactions and corporate adjustments[c]	Holding activities	Consolidated
2013					
Net sales[b]	2.991.297	4.321.314		3.202	7.315.813
Income from operations[c]	649.108	585.516	(178.951)	(7.536)	1.048.137
Interest/income				57.234	57.234
Interest/losses				(132.546)	(132.546)
Other-net				(7.757)	(7.757)
Income (expenses) from associates				87.196	87.196
Income before provision for income taxes				1.052.265	1.052.265
Provision for income taxes				(419.426)	(419.426)
Net income				632.839	632.839
Of which attributable to:					
Delfin stockholders				419.611	419.611
Non-controlling interests				213.228	213.228
Capital expenditures	157.165	212.547			369.711
Depreciation and amortization	108.993	172.884	84.834		366.631
2012					
Net sales[b]	2.773.073	4.313.069	--	3.509	7.089.651
Income from operations[c]	604.494	552.691	(187.046)	(7.090)	963.050
Interest income	--	--	--	38.833	38.833
Interest expense	--	--	--	(210.867)	(210.867)
Other-net	--	--	--	(6.428)	(6.428)
Income (expenses) from associates				(62.094)	(62.094)
Income before provision for income taxes	--	--	--	722.494	722.494
Provision for income taxes	--	--	--	(312.467)	(312.497)
Net income	--	--	--	410.027	410.027
Of which attributable to:	--	--	--		
Delfin stockholders	--	--	--	201.805	201.805
Non-controlling interests	--	--	--	208.222	208.222
Capital expenditures [a]	148.001	224.890	--	13.762	386.653
Depreciation and amortization	100.956	170.988	86.337	5.594	363.875

(a) Capital expenditures in 2012 include capital leases of the retail division of Euro 7,9 million. Capital expenditures excluding the above-mentioned additions were Euro 365,0 million in addition to euro 13,8 million for holding activities.

(b) Net sales of both the Manufacturing and Wholesale Distribution segment and the Retail Distribution segment include sales to third- party customers only.

(b) Income from operations of the Manufacturing and Wholesale Distribution segment is related to net sales to third-party customers only, excluding the "manufacturing profit" generated on the inter-company sales to the Retail Distribution segment. Income from operations of the Retail Distribution segment is related to retail sales, considering the cost of goods acquired from the Manufacturing and Wholesale Distribution segment at manufacturing cost, thus including the relevant "manufacturing profit" attributable to those sales.

(c) Inter-segment transactions and corporate adjustments include corporate costs not allocated to a specific segment and amortization of acquired intangible assets.

Information by geographic area

The geographic segments include Europe, North America (which includes the United States of America, Canada and Caribbean islands), Asia-Pacific (which includes Australia, New Zealand, China, Hong Kong, Singapore and Japan) and Other (which includes all other geographic locations, including South and Central America and the Middle East). Sales are attributed to geographic segments based on the customer's location, whereas long-lived assets, net are the result of the combination of legal entities located in the same geographic area.

Years ended 31 December (Amounts in thousands of Euro)	Europe	North America	Asia-Pacific	Other	Consolidated
2013					
Net sales	1.445.991	4.123.783	917.762	828.277	7.315.813
Long-lived assets, net	392.453	587.462	220.139	48.656	1.239.710
2012					
Net sales	1.320.241	4.122.889	897.491	748.430	7.089.051
Long-lived assets, net	401.219	591.358	213.401	45.241	1.251.219

CURRENT ASSETS

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following items:

(in thousands of euros)	At 31 December 2013	At 31 December 2012
Bank and postal accounts	665.659	853.619
Cheques	7.821	7.506
Cash and cash equivalents	2.676	2.904
Total	**676.156**	**864.029**

7. TRADE RECEIVABLES

Accounts receivable consist exclusively of trade receivables and are recognized net of allowances to adjust their carrying amount to the estimated realizable value. Accounts receivable are due within 12 months:

(in thousands of euros)	At 31 December 2013	At 31 December 2012
Trade receivables	716.599	735.818
Allowances for doubtful accounts	(35.661)	(35.348)
Total net trade receivables	**680.938**	**700.470**

The following table shows the allowance for doubtful accounts roll-forward:

(in thousands of euros)	At 31 December 2013	At 31 December 2012
Balance at 1 January	35.348	36.009
Increase	5.719	4.150
Decreases	(4.318)	(4.221)
Translation difference and other changes	(1.088)	(590)
Balance at 31 December	**35.661**	**35.348**

The book value of the accounts receivable approximates their fair value.

As of 31 December 2013, the gross amount of accounts receivable was equal to Euro 716.599 thousand (Euro 735.818 thousand as of 31 December 2012), including an amount of Euro 23,4 million covered by insurance and other guarantees (3,3% of gross receivables). The bad debt fund as of 31 December 2013 amounted to Euro 35,7 million (Euro 35,3 million as of 31 December 2012).

Write-downs of accounts receivable are determined in accordance with the Group credit policy described in Note 3 "Financial Risks."

Accruals and reversals of the allowance for doubtful accounts are recorded within selling expenses in the consolidated statement of income.

The maximum exposure to credit risk, as of the end of the reporting date, was represented by the fair value of accounts receivable which approximates their carrying amount.

The Group believes that its exposure to credit risk does not call for other guarantees or credit enhancements.

The table below summarizes the quantitative information required by IFRS 7 based on the categories of receivables pursuant to Group policies:

31/12/2013

(in thousands of euros)	Gross receivables	Allowances for doubtful accounts	Maximum exposure to credit risk	Amount of overdue receivables that have not been written down	Amount of receivables 0-30 days overdue that have not been written down	Amount of receivables more than 30 days overdue that have not been written down
Receivables of the Wholesale Division classified as GOOD	543.789	(6.134)	537.655	41.298	31.060	10.237
Receivables of the Wholesale Division classified as GOOD - UNDER CONTROL	15.176	(2.224)	12.951	21.046	5.752	15.294
Receivables of the Wholesale Division classified as RISK	28.530	(23.200)	5.330	4.599	255	4.343
Receivables of the Retail Division	128.033	(3.673)	124.360	14.173	5.590	8.586
Other receivables	1.071	(430)	642			
Total	**716.599**	**(35.661)**	**680.938**	**81.116**	**42.657**	**38.460**

31/12/2012

(in thousands of euros)	Gross receivables	Allowances for doubtful accounts	Maximum exposure to credit risk	Amount of overdue receivables that have not been written down	Amount of receivables 0-30 days overdue that have not been written down	Amount of receivables more than 30 days overdue that have not been written down
Receivables of the Wholesale Division classified as GOOD	567.162	-9.530	557.632	62.559	38.215	24.344
Receivables of the Wholesale Division classified as GOOD - UNDER CONTROL	12.224	-2.528	9.696	3.438	515	2.923
Receivables of the Wholesale Division classified as RISK	20.071	-18.712	1.359	1.744	456	1.288
Receivables of the Retail Division	134.397	-4.328	130.069	13.119	7.445	5.674
Other receivables	1.964	-250	1.714	-	-	-
Total	**735.818**	**-35.348**	**700.470**	**80.860**	**46.631**	**34.229**

As of 31 December 2013, the amount of overdue receivables which were not included in the bad debt fund was equal to 11,3% of gross receivables (11,0% as of 31 December 2012) and 11,9% of receivables net of the bad debt fund (11,5% as of 31 December 2012). The Group does not expect any additional losses over amounts already provided for.

8. INVENTORIES

Inventories are comprised of the following items :

(in thousands of euros)	At 31 December 2013	At 31 December 2012
Raw materials	163.816	154.412
Work in progress	36.462	59.565
Finished goods	612.814	625.386
Inventory obsolescence reserve	(114.135)	(110.588)
Total	**698.957**	**728.775**

The movements in the allowance for inventories reserve is as follows:

(Amounts expressed in thousands of Euro)	Balance at beginning of year	Provision	Other(1)	Utilization	Balance at end of year
2012	90.562	67.894	(3.930)	(43.938)	110.588
2013	110.558	74.094	(355)	(70.193)	114.135

(1) Other includes translation differences for the year.

9. FINANCIAL ASSETS

The financial assets are mainly composed by short terms loans for Euro 82.069 thousands (Euro 56.577 in 2012) and bonds FDR for Euro 109.882 (Euro 0 in 2012). The bonds FDR have been reclassified from fixed assets to current assets because the Company has sold a significant part of them. The short term loans are mainly versus shareholders of the Group.

The net book value of financial assets is approximately equal to their fair value and this value also corresponds to the maximum exposure of the credit risk. The Group has no guarantees or other instruments to manage credit risk.

10. OTHER ASSETS

Other assets comprise the following items:

(in thousands of euros)	As of 31 December	
	2013	2012
Sales taxes receivable	47.105	15.476
Accrued income	5.714	5.239
Other assets	71.899	53.720
Advances to suppliers	19.546	15.035
Prepaid expenses	51.953	74.450
Total other assets	**196.217**	**163.920**

Other assets include receivables from foreign currency derivatives amounting to Euro 6,0 million as of 31 December 2013 (Euro 6,0 million as of 31 December 2012), as well as other financial assets of the North America retail division totaling Euro 12,1 million as of 31 December 2013 (Euro 13,2 million as of 31 December 2012).

Other assets include the short-term portion of advance payments made to certain designers for future contracted minimum royalties totaling Euro 30,6 million as of 31 December 2013 (Euro 18,2 million as of 31 December 2012).

Prepaid expenses mainly include the loan fees and the timing of payments of monthly rental expenses incurred by the Group's North America and Asia-Pacific retail divisions.

The net book value of financial assets is approximately equal to their fair value and this value also corresponds to the maximum exposure of the credit risk. The Group has no guarantees or other instruments to manage credit risk.

NON-CURRENT ASSETS

11. PROPERTY, PLANT & EQUIPMENT

Changes in items of property, plant and equipment are reported below:

(in thousands of euros)	Land and buildings, including leasehold improvements	Plant, machinery and industrial equipment	Aircraft	Other equipment	Total
Historic cost	961.895	984.801	38.087	600.147	2.584.930
Accumulated depreciation	(424.563)	(613.602)	(8.776)	(317.265)	(1.364.206)
Balance at 1 January 2012	**537.332**	**371.199**	**29.311**	**282.882**	**1.220.724**
Increases	55.852	112.478	-	101.314	269.644
Decreases	(13.713)	(74)	-	(15.304)	(29.091)
Property, plant and equipment resulting from business combinations	850	8.904	-	2.765	12.519
Translation difference and other changes	2.478	9.349	-	(18.820)	(6.993)
Depreciation	(60.299)	(95.069)	(1.561)	(58.656)	(215.585)
Balance at 31 December 2012	**522.500**	**406.787**	**27.750**	**294.181**	**1.251.218**
Historic cost	981.778	1.075.884	38.087	633.323	2.729.072
Accumulated depreciation	(459.278)	(669.097)	(10.337)	(339.142)	(1.477.854)
Total as of 31 December 2012	**522.500**	**406.787**	**27.750**	**294.181**	**1.251.218**
Increases	49.662	105.908	58	118.614	274.242
Decreases	(4.235)	(4.357)	-	6.725	(15.317)
Property, plant and equipment resulting from business combinations	2.367	85	-	857	3.309
Translation difference and other changes	(7.751)	12.423	-	(63.217)	(58.545)
Depreciation	(61.420)	(94.146)	(1.555)	(58.076)	(215.197)
Balance at 31 December 2013	**501.123**	**426.700**	**26.253**	**285.634**	**1.239.710**
Historic cost	979.129	1.109.444	38.147	629.941	2.756.656
Accumulated depreciation	(478.006)	(682.744)	(11.894)	(344.307)	1.516.951
Balance at 31 December 2013	**501.123**	**426.700**	**26.253**	**285.634**	**1.239.710**

The 2013 increase in Property, plant and equipment due to business combinations was mainly due to the acquisition of Alain Mikli. Please refer to Note 4 "Business Combinations" for further details on the Alain Mikli acquisition. The increase in 2012 was mainly due to the acquisitions of Tecnol and Sunplanet.

Of the total depreciation expense of Euro 215,197 million (Euro 215,58 million in 2012), Euro 72,3 million (Euro 69,5 million in 2012, respectively) is included in cost of sales, Euro 110,1 million (Euro 114,8 million in 2012) in selling expenses; Euro 5,3 million (Euro 3,9 million in 2012) in advertising expenses; and Euro 25,0 million (Euro 24,8 million in 2012) in general and administrative expenses.

Capital expenditures in 2013 and 2012 mainly relate to routine technology upgrades to the manufacturing infrastructure, opening of new stores and the remodeling of older stores where the leases were extended during the year.

Other equipment includes Euro 70.9 million for assets under construction as of 31 December 2013 (Euro 66,9 million as of 31 December 2012) mainly relating to the opening and renovation of North America retail stores.

Leasehold improvements totaled Euro 149,5 million and Euro 153,1 million as of 31 December 2013 and 31 December 2012 respectively.

12. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in goodwill and intangible assets as of 31 December 2013 and 2012 were as follows:

(in thousands of euros)	Goodwill	Concessions, licenses, and trademarks	Distribution networks	Customer lists and contacts	Franchisee contracts	Other	Total
At 1 January 2012							
Historic cost	3.156.630	1.576.008	287	229.734	22.181	477.317	5.509.099
Accumulated amortisation	(1.004)	(660.958)	(270)	(68.526)	(7.491)	(214.365)	(999.557)
Balance at 1 January 2012	**3.155.626**	**915.050**	**17**	**161.208**	**14.690**	**262.952**	**4.509.542**
Increases	-	187	-	-	-	116.819	117.009
Decreases	-	-	-	-	-	(3.751)	(3.751)
Intangible fixed assets and goodwill from business combinations	107.123	12.057	1	21.807	-	11.146	152.133
Translation difference and other changes	(48.916)	(6.573)		(3.370)	(254)	(8.009)	(67.121)
Amortisation	-	(70.882)	(18)	(15.468)	(1.117)	(60.805)	(148.290)
Balance at 31 December 2012	**3.213.833**	**849.839**	**-**	**164.177**	**13.319**	**318.352**	**4.559.523**
Of which							
Historic cost	3.214.837	1.563.447	288	247.730	21.752	546.966	5.595.023
Accumulated amortisation	(1.004)	(713.608)	(288)	(83.553)	(8.433)	(228.614)	(1.035.500)
Balance at 31 December 2012	**3.213.833**	**849.839**	**-**	**164.177**	**13.319**	**318.352**	**4.559.523**
Increases		44	-			100.764	100.806
Decreases		-	-			(3.473)	(3.473)
Intangible fixed assets and goodwill from business combinations	67.328	23.806	-			4.107	95.241
Translation difference and other changes	(170.882)	(44.110)		(11.064)	(536)	(169)	(226.761)
Amortisation		(68.683)		14.640	(1.081)	(69.498)	(153.902)
Balance at 31 December 2013	**3.110.279**	**760.896**		**138.473**	**11.072**	**350.086**	**4.371.436**
Of which							
Historic cost	3.111.283	1.490.811		231.621	20.811	624.493	5.479.019
Accumulated amortisation	(1.004)	(729.915)		(93.148)	(9.109)	(274.407)	(1.107.583)
Balance at 31 December 2013	**3.110.279**	**760.896**		**138.473**	**11.702**	**350.086**	**4.371.436**

The 2013 and 2012 increases in goodwill and intangible assets due to business combinations were mainly due to the acquisition of Alain Mikli (Euro 92,2 million) and Tecnol (Euro 127,2 million). Please refer to Note 4 "Business Combinations" for further details.

Of the total amortization expense of intangible assets of Euro 308 million (Euro 153 million in 2012) Euro 140,5 million (Euro 132,8 million in 2012) is included in general and administrative expenses, Euro 8,5 million (Euro 6,3 million in 2012) is included in selling costs and Euro 4,9 million (Euro 6,2 million in 2012) is included in cost of sales.

Other intangible assets mainly includes internally generated assets of Euro 61.4 million (Euro 57,4 million as of 31 December 2012).The increase in intangible assets is mainly due to the implementation of a new IT infrastructure, which started in 2008.

Impairment of goodwill

Pursuant to IAS 36—Impairment of Assets, the Group has identified the following four cash-generating units ("CGUs"): Wholesale, Retail North America, Retail Asia-Pacific and Retail Other. The cash-generating units reflect the distribution model adopted by the Group. The CGUs are periodically assessed based on the organizational changes that are made in the Group. There were no changes to the CGUs for fiscal 2013 and 2012.

The value of goodwill allocated to each CGU is reported in the following table (amounts in thousands of Euro):

	31/12/2013	31/12/2012
Wholesale	1.201.605	1.203.749
Retail North America	1.332.758	1.388.263
Retail Asia-Pacific	324.988	376.414
Retail other	185.865	180.344
Other	65.063	65.063
Total	**3.110.279**	**3.213.833**

The reduction in goodwill, mainly due to the weakening of the Euro which is the currency in which the Group operates (Euro 170,2 million), was partially offset by the increases due to the acquisition of Alain Mikli for Euro 58,7 million and of Devlyn for Euro 6,0 million.

The information required by paragraph 134 of IAS 36 is provided below only for the Wholesale and Retail North America CGUs, since the value of goodwill allocated to these two units is a significant component of the Group's total goodwill.

The recoverable amount of each CGU has been verified by comparing its net assets carrying amounts to its value in use.

The main assumptions for determining the value in use are reported below and refer to both cash generating units:

- Growth rate: 2,0% (2,0% as of 31 December 2012)
- Discount rate: 7,5% (7,8% as of 31 December 2012)

The above long-term average growth rate does not exceed the rate which is estimated for the products, industries, and countries in which the Group operates.

The discount rate has been determined on the basis of market information on the cost of money and the specific risk of the industry (Weighted Average Cost of Capital, WACC). In particular, the Group used a methodology to determine the discount rate which was in line with that utilized in the previous year, considering the rates of return on long-term government bonds and the average capital structure of a group of comparable companies.

The recoverable amount of cash-generating units has been determined by utilizing post-tax cash flow forecasts based on the Group's 2014-2016 three-year plan, on the basis of the results attained in previous years as well as management expectations—split by geographical area—regarding future trends in the eyewear market for both the Wholesale and Retail distribution segments. At the end of the three-year projected cash flow period, a terminal value was estimated in order to reflect the value of the CGU in future years. The terminal values were calculated as a perpetuity at the same growth rate as described above and represent the present value, in the last year of the forecast, of all future perpetual cash flows. The impairment test performed as of the balance sheet date resulted in a recoverable value greater than the carrying amount (net operating assets) of the abovementioned CGUs. In percentage terms, the surplus of the recoverable amount of the CGU over the carrying amount was equal to 514% and 28% of the carrying amount of the Wholesale and Retail North America cash-generating units, respectively.

A reduction in the recoverable amount of the cash generating unit to a value that equals its carrying amount would require either of the following: (i) an increase in the discount rate to approximately 32,7% for Wholesale and 9,05% for Retail North America; or (ii) the utilization of a negative growth rate for Wholesale and zero for Retail North America.

In addition, reasonable changes to the abovementioned assumptions used to determine the recoverable amount (i.e., growth rate changes of +/-0,5 percent and discount rate changes of +/-0,5 percent) would not significantly affect the impairment test results.

13. INVESTMENTS IN ASSOCIATES

(in thousands of euros)	Associated through Luxottica Group	FDR Associate	Total
Balance at 1 January 2012	**8.754**	**1.385.014**	**1.393.768**
Increase	2.992	100.350	103.342
Decrease	-	(162.445)	(162.445)
Balance at 31 December 2012	**11.746**	**1.322.919**	**1.334.665**
Increase	46.362	204.984	247.811
Decrease in value / Impairment		(182.016)	(178.481)
Balance at 31 December 2013	**58.108**	**1.345.887**	**1.403.996**

In regards to the associates owned by Luxottica Group, investments amounted to Euro 58.1 million (Euro 11,7 million as of 31 December 2012). The balance mainly related to the investment in Eyebiz Laboratories Pty Limited for Euro 4,7 million (Euro 4,3 million as of 31 December 2012) and the acquisition of the 36,33% equity stake in Salmoiraghi & Viganò, an Italian optical retailer, which was valued at Euro 45,0 million and was completed on 25 March 2013. Transaction related costs of Euro 0,9 million were expensed as incurred. The investment balance includes goodwill of Euro 20,4 million and trademarks of Euro 14,7 million. The following tables provide a roll-forward of Group's investment from the acquisition date as well as the assets, liabilities and net sales of Salmoiraghi & Viganò.

The increase in the equity investment of the group Foncière des Régions (FDR) is mainly due to the profit of FDR attributable to Delfin and to the increase of the stake of FDR. The decrease in the equity investment of the group Foncière des Régions (FDR) is due to the impairment at the NAV value done by the Company on the shares of FDR. As at 31 December 2013, Delfin owns 27,63% of FDR (29,68% on 31 December 2012). Profit of FDR attributable to Delfin amounted to Euro 33,63 million as of 31 December 2013 (33,63 million as of 31 December 2012).

Highlights from the consolidated financial statements of the associates Foncière des Régions, a leading European group in the real estate sector, with branches in France, Italy and Germany, are illustrated as follows for the year ended 31 December 2013:

Assets	Euro 17.180 million
Shareholders' equity	Euro 7.215 million
Liabilities	Euro 9.965 million
Revenues	Euro 832 million
Net income (loss) of group	Euro 340 million

14. FINANCIAL FIXED ASSETS

(in thousands of euros)	Financial assets at fair value through profit or loss	Financial assets - Available for sale	Loans and receivables	Held to maturity financial assets	Total
Balance at 01/01/12	-	**742.722**	**51.190**	**150.000**	**943.912**
Increases	-	258.286	12.344	30.000	300.630
Decreases	-	(39.542)	(38)	-	(39.500)
Adjustment to fair value	-	134.727	10	-	134.737
Balance at 31/12/12		**1.096.196**	**63.506**	**180.000**	**1.339.699**
Increases	-	256.240		20.000	276.240
Decreases	-		(5.333)	(4.836)	(10.167)
Adjustment to fair value	-	453.109			453.109
Other variation		9.205		(150.000)	(140.795)
Balance at 31/12/13	-	**1.814.747**	**58.175**	**45.164**	**1.918.086**

The financial assets classified as available for sale are comprised mainly of investments in Unicredit S.p.A., Assicurazioni Generali S.p.A. and Beni Stabili.

The increase recorded during 2013 was mainly due to (i) purchase of additional shares in Unicredit Spa (ii) subscription of bonds of the subsidiaries Beni Stabili.

The held to maturity financial assets is composed mainly by bonds of subsidiaries companies listed in the market. Held to maturity assets are composed by bonds that the Group will hold to maturity. The bonds are booked at cost price because the value is substantially equal to the value calculated using the amortised cost.

The adjustment to fair value at the end of the year was recognised in the "reserve for valuation of AfS securities" net of the tax effect and is mainly due to Assicurazioni Generali and Unicredit S.p.A.

Other variation is the reclassification of the bonds FDR from financial fixed assets to financial current assets.

15. OTHER ASSETS

	As of 31 December	
(Amounts in thousands of Euro)	2013	2012
Other assets	69.196	84.318
Total	**69.193**	**84.318**

Other assets primarily include advance payments made to certain licensees for future contractual minimum royalties totaling Euro 69,2 million (Euro 73,8 million as of 31 December 2012).

16. DEFERRED TAX

The balance of deferred tax assets and liabilities as of 31 December 2013, 31 December 2012 and 1 January 2012 is as follows:

	As of 31 December	As of 31 December	As of 1 January
(Amounts in thousands of Euro)	**2013**	**2012**	**2012**
Deferred tax assets	172.623	169.662	153.701
Deferred tax liabilities	268.078	227.806	232.337
- Deferred tax liabilities (net)	**95.455**	**58.144**	**78.636**

The analysis of deferred tax assets and deferred tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	As of 31 December	
Deferred tax assets (Amounts in thousands of Euro)	**2013**	**2012**
- Deferred tax assets to be recovered after more than 12 months	163.907	187.602
- Deferred tax assets to be recovered within 12 months	190.813	212.561
	354.720	400.163
- Deferred tax liabilities to be recovered after more than 12 months	10.610	18.129
- Deferred tax liabilities to be recovered within 12 months	439.565	440.178
	450.175	458.307
- Deferred tax liabilities (net)	**95.455**	**58.144**

The gross movement in the deferred tax accounts is as follows:

	2013
As of 1 January	58.144
Exchange rate difference and other movements	8.491
Business combinations	9.009
Statement of profit and loss	(13.174)
Tax charge/(credit) directly to equity	32.985
At 31 December	**95.455**

The movement of deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	As of 1 January 2013	Exchange rate difference and other movements	Business combinations	Statement of profit and loss	Tax charged/(credited) to equity	As of 31 December 2013
Inventories	103.056	(5.486)	(16)	4.345		101.899
Insurance and other reserves	11.343	(431)	-	907	—	11.819
Net operating loss carry forwards	6.459	481	387	8.368		15.695
Rights of return	16.082	1.714	1	(1.404)	—	16.394
Deferred tax on derivatives	38	1	—	83	(121)	—
Employee related reserves	104.408	(10.608)	—	(5.875)	(33.893)	54.032
Occupancy reserves	18.366	(1.730)	(169)	1.240	—	17.707
Trade names	82.425	(8.700)	2.248	(5.033)	—	70.939
Fixed assets	14.229	(3.318)	179	(292)	—	10.798
Other	43.759	(3.421	(87)	8.344	-	55.437
Total	**400.163**	**(24.456)**	**2.543**	**10.682**	**(34.014)**	**354.720**

Deferred tax liabilities	As of 1 January 2012	Exchange rate difference and other movements	Business combinations	Statement of profit and loss	Tax charged/(credited) to equity	As of 31 December2012
Dividends	5.563	—	—	1.819	—	7.383
Trade names	233.957	(17.321)	11.529	(20.284)	—	207.881
Fixed assets	55.491	(9.181)	41	5.548	—	51.899
Other intangibles	151.842	2.214	—	4.781	(6)	158.830
Other	11.454	8.125	(18)	5.645	(1.023)	24.181
Total	458.307	(16.163)	11.552	(2.491)	(1.029)	450.175

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future profit is probable. The Group did not recognize deferred tax assets of Euro 52,2 million in respect of losses amounting to Euro 201,9 million that can be carried forward against future taxable income. Additional losses of certain subsidiaries amounting to Euro 25,9 million can be indefinitely carried forward. The breakdown of the net operating losses by expiration date is as follows:

Years ending 31 December: (Amounts in thousands of Euro)	
2014	20.866
2015	27.921
2016	19.077
2017	21.209
2018	24.033
Subsequent years	62.841
Total	175.946

The Company does not provide for an accrual for income taxes on undistributed earnings of its non-Italian operations to the related Italian parent company of Euro 2,5 billion and Euro 2,0 billion in 2013 and 2012, respectively, that are intended to be permanently invested. In connection with the 2013 earnings of certain subsidiaries, the Group has provided for an accrual for income taxes related to dividends from earnings to be paid in 2014.

17. SHAREHOLDERS' EQUITY

Share capital

The share capital of Delfin S.à r.l. at 31 December 2013 was Euro 500.930 thousand (2012: Euro 500.930 thousand). The share capital is represented by 20.037.198 ordinary shares with a par value of Euro 25 each and by 800.000 class A shares (PESCS) with a par value of Euro 25 each, which are recognised under liabilities (total of Euro 20.000 thousand at 31 December 2013 and 2012), classified as subordinated debts, as envisaged by IFRS.

Legal reserve

The legal reserve of Euro 52.092 thousand represents the portion of the profits of the parent company Delfin S.à r.l. that cannot be distributed as a dividend.

Available for sale securities valuation reserve

The available for sale securities valuation reserve, Euro 13.062 thousand (in 2012: Euro (440.046) thousand), represents the lower market value at the end of the financial year, net of the tax effect, with respect to the value of the amortised cost of the securities classified as available for sale. This reserve changes with the increases and decreases in the fair value of the securities classified as available for sale during the financial year. It is also reduced or increased by the portion for securities sold during the year that is recognised on the statement of profit and loss as a financial expense or income.

Other reserves

The account "other reserves" includes the results of subsidiaries not distributed as dividends and the shareholders' equity of consolidated companies exceeding the corresponding book values of those investments. The values resulting from consolidation adjustments are also recognised.

The account other reserves also contains the reserve for translation differences generated by translation into Euro of financial statements expressed in foreign currencies.

Shareholders' equity and other reserves are negative due to the resolution taken during the 30 June 2006 shareholders' meeting, which allocated Euro 5.000.000 thousand of reserves to the class A shares (PECS Account), which was recognised as the Class A shares under liabilities, even if it is an equity reserve.

18. NON-CONTROLLING INTERESTS

The minority interest in shareholders' equity is Euro 1.585.422 thousand in 2013; in 2012 it was Euro 1.500.134 thousand.

19. FINANCIAL LIABILITIES

Short-term borrowings at 31 December 2013 reflect current account overdrafts with various banks as well as uncommitted short-term lines of credits with different financial institutions. The interest rates on these credit lines are floating. The credit lines may be used, if necessary, to obtain letters of credit.

The book value of bank borrowings can be considered representative of their fair value.

The book value of short-term borrowings is approximately equal to their fair value.

As of 31 December 2013 and 2012, the subsidiary Luxottica had unused short-term lines of credit of approximately Euro 742,6 million and Euro 700,4 million, respectively.

The blended average interest rate on these lines of credit is approximately LIBOR plus spread that my range from 0% to 0,20%, depending on the different lines of credit.

As of 31 December 2013 and 2012, Delfin and Aterno had unused short-term lines of credit of approximately Euro 384 million and Euro 445 million, respectively.

The average interest rate on these lines of credit is approximately EURIBOR 1 month plus 1,05%.

The short-term line of credit of Delfin is secured by a pledge on one of the Company's bank accounts.

The short-term line of credit of Aterno is secured by a pledge on certain financial assets of Aterno.

20. TRADE PAYABLES

Accounts payable consist of invoices received and not yet paid at the reporting date, in addition to invoices to be received, accounted for on an accrual basis.

The carrying value of accounts payable is approximately equal to their fair value.

21. TAX PAYABLES

The balance of income taxes payable is detailed below:

(in thousands of euros)	At 31 December 2013	At 31 December 2012
Payables for income taxes	46.657	108.963
Tax prepayments	(35.368)	(41.913)
Total	11.289	67.050

22. PROVISIONS

The balance is detailed below:

(Amounts in thousands of Euro)	Legal risk	Self-insurance	Tax provision	Other risks	Returns	Total
Balance as of 31 December 2011	**4.899**	**5.620**	**1.796**	**9.927**	**31.094**	**53.337**
Increases	1.647	7.395	10.525	11.229	18.233	49.029
Decreases	(5.981)	(8.186)	(132)	(8.383)	(12.736)	(35.419)
Business combinations	—	—	—	—	—	—
Foreign translation difference reclassification and other movements	14	(60)	(39)	(296)	(534)	(914)
Balance as of 31 December 2012	**578**	**4.769**	**12.150**	**12.477**	**36.057**	**66.032**
Increases	923	7.969	42.258	12.842	20.552	84.544
Decreases	(909)	(6.823)	(11.089)	(10.711)	(20.582)	(50.114)
Business combinations	-	-	-	-	1.848	1.848
Foreign translation difference reclassifications and other movements	405	(381)	20.609	164	580	21.377
Balance as of 31 December 2013	**997**	**5.535**	**63.928**	**14.772**	**38.455**	**123.687**

The Company is self-insured for certain losses relating to workers' compensation, general liability, auto liability, and employee medical benefits for claims filed and for claims incurred but not reported. The Company's liability is estimated using historical claims experience and industry averages; however, the final cost of the claims may not be known for over five years.

Legal risk includes provisions for various litigated matters that have occurred in the ordinary course of business.

The tax provision mainly includes the accrual related to a tax audit on Luxottica S.r.l. for fiscal years subsequent to 2007 of approximately Euro 40,0 million.

23. OTHER LIABILITIES

(Amounts in thousands of Euro)	As of 31 December	
	2013	2012
Premiums and discounts to suppliers	2.674	4.363
Debt versus shareholders	400.919	251.225
Sales commissions	-	683
Leasing rental	16.535	24.608
Insurance	10.008	9.494
Sales taxes payable	38.024	29.017
Salaries payable	229.095	245.667
Due to social security authorities	33.907	37.143
Sales commissions payable	9.008	8.569
Derivative financial liabilities	1.729	1.196
Royalties payable	3.742	2.795
Other liabilities	137.844	175.610
Total financial liabilities	**883.485**	**790.370**
Deferred income	15.863	9.458
Advances from customers	33.430	45.728
Other liabilities	5.591	5.727
Total liabilities	**54.884**	**60.913**
Total other current liabilities	**938.369**	**851.283**

The debt versus shareholders is mainly due to the dividends declared by Delfin in 2006 (Euro 79.510) and 2011 and 2013 (Euro 300.000 from the PESCS reserves classified for IFRS purposes under liabilities) and never paid to the shareholders.

24. SUBORDINATED DEBT

Delfin S.à r.l. has issued 800.000 class A shares (called PESCS) with a par value of Euro 25 each that are shares with voting rights in the shareholders' meeting of the Company. These shares are classified as liabilities since they do not satisfy IAS requirements for classification under shareholders' equity as per IFRS. In particular, they do not allow participation in company reserves.

The shareholders' meeting of Delfin S.à r.l. resolved on 30 June 2006 to allocate Euro 5.000.000.000 to one equity reserve linked to the class A shares. This equity reserve could be distributed to the shareholders that own class A preferred shares only. In 2013, after a dividend declared by the shareholders' meeting, Euro 150.000.000 were reclassified from subordinated debt to debt versus shareholders in other liabilities.

In 2013 the amount allocated to the class A shares reserve is equal to Euro 10.131 thousand (2012: Euro 13.045 thousand) in addition to the original allocation.

25. LONG-TERM FINANCIAL LIABILITIES

Long-term debt was Euro 2.034,5 million and Euro 2.362,2 million as of 31 December 2013 and 2012.

The roll-forward of long-term debt as of 31 December 2013 and 2012, is as follows:

	Luxottica Group S.p.A. credit agreement with various financial institutions	Senior unsecured guaranteed notes	Credit agreement with various financial institutions	Credit agreement with various financial institutions for Oakley acquisition	Other loans with banks and other third parties, interest at various rates, payable in instalments through 2014	Delfin - credit agreement with Mediobanca Luxembourg	Total
Balance as of 1 January 2013	367.743	1.723.225	45.664	174.922	50.623	-	2.362.177
Proceeds from new and existing loans					5.254		5.254
Repayments	(70.000)	(15.063)	(45.500)	(173.918)	(22.587)		(327.068)
Loans assumed in business combinations					16.073		16.073
Amortization of fees and interests	735	1.877	124	96	4.419		7.251
Translation difference		(26.068)	(288)	(1.100)	(1.722)		(29.179)
Balance as of 31 December 2013	298.478	1.683.970	-	-	52.061		2.034.510

	Luxottica Group S.p.A. credit agreement with various financial institutions	Senior unsecured guaranteed notes	Credit agreement with various financial institutions	Credit agreement with various financial institutions for Oakley acquisition	Other loans with banks and other third parties, interest at various rates, payable in instalments through 2014	Delfin - credit agreement with Mediobanca Luxembourg	Total
Balance as of 1 January 2012	487.363	1.226.245	225.955	772.743	30.572	420.000	3.162.878
Proceeds from new and existing loans	-	500.000	-	-	33.133	-	533.133
Repayments	(120.000)	-	(181.149)	(607.247)	(38.159)	(420.000)	(1.366.555)
Loans assumed in business combinations	-	-	-	-	30.466	-	30.466
Amortization of fees and interests	380	9.104	484	16	(4.312)	-	5.672
Foreign translation difference	-	(12.124)	374	9.410	(1.077)	-	(3.417)
Balance as of 31 December 2012	367.743	1.723.225	45.664	174.922	50.623	-	2.362.177

The Group uses debt financing to raise financial resources for long-term business operations and to finance acquisitions. The Group continues to seek debt refinancing at favorable market rates and actively monitors the debt capital markets in order to take action to issue debt, when appropriate. Our debt agreements contain certain covenants, including covenants that limit our ability to incur additional indebtedness (for more details see note 3(f)—Default risk: negative pledges and financial covenants). As of 31 December 2013, we were in compliance with these financial covenants.

The table below summarizes the main terms of the Group's long-term debt.

Type	Series	Issuer/Borrower	Issue Date	CCY	Amount	Outstanding amount at the reporting date	Coupon / Pricing	Interest rate as of 31 December 2013	Maturity
2009 Term Loan		Luxottica Group S.p.A.	November 11, 2009	EUR	300.000.000	300 000 000	Euribor + 1.00%/2.75%	1.234%	November 30, 2014
Private Placement	B	Luxottica US Holdings	July 1, 2008	USD	127 000 000	127 000 000	6.420%	6.420%	July 1, 2015
Bond (Listed on Luxembourg Stock Exchange)		Luxottica Group S.p.A.	November 10, 2010	EUR	500 000 000	500 000 000	4.000%	4.000%	November 10, 2015
Private Placement	D	Luxottica US Holdings	January 29, 2010	USD	50 000 000	50 000 000	5.190%	5.190%	January 29, 2017
2012 Revolving Credit Facility		Luxottica Group S.p.A.	April 17, 2012	EUR	500.000.000	—	Euribor + 1.30%/2.25%	—	April 10, 2017
Private Placement	G	Luxottica Group S.p.A.	September 30, 2010	EUR	50.000.000	50 000 000	3.750%	3.750%	September 15, 2017
Private Placement	C	Luxottica US Holdings	July 1, 2008	USD	128 000 000	128 000 000	6.770%	6.770%	July 1, 2018
Private Placement	F	Luxottica US Holdings	January 29, 2010	USD	75.000.000	75 000 000	5.390%	5.390%	January 29, 2019
Bond (Listed on Luxembourg Stock Exchange)		Luxottica Group S.p.A.	19 March 2012	EUR	500 000 000	500 000 000	3.625%	3.625%	19 March 2019
Private Placement	E	Luxottica US Holdings	January 29, 2010	USD	50 000 000	50 000 000	5.750%	5.750%	January 29, 2020
Private Placement	H	Luxottica Group S.p.A.	September 30, 2010	EUR	50 000 000	50 000 000	4.250%	4.250%	September 15, 2020
Private Placement	I	Luxottica US Holdings	December 15, 2011	USD	350 000 000	350 000 000	4.350%	4.350%	December 15, 2021

The floating rate measures under "Coupon/Pricing" are based on the corresponding Euribor (Libor for USD loans) plus a margin in the range, indicated in the table, based on the "Net Debt/EBITDA" ratio, as defined in the applicable debt agreement.

Certain credit facilities that matured on or before 31 December 2013, including the USD Term Loan 2004—Tranche B, Oakley Term Loan 2007 Tranche D and Tranche E and Revolving Credit Facility Intesa 250, were hedged by interest rate swap agreements with various banks. The Tranche B swaps expired on 10 March 2012 and the Tranche D and E swaps expired on 12 October 2012. The Revolving Credit Facility Intesa 250 swaps expired on 29 May 2013.

On 19 March 2012, the Group completed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due 19 March 2019. The Notes are listed on the Luxembourg Stock Exchange under ISIN XS0758640279. Interest on the Notes accrues at 3.625% per annum. The Notes are guaranteed on a senior unsecured basis by U.S. Holdings and Luxottica S.r.l. On 20 January 2014 the Notes were assigned an A- credit rating by Standard & Poor's.

On 29 April 2013, the Group Board of Directors authorized a Euro 2 billion "Euro Medium Term Note Programme" pursuant to which Luxottica Group S.p.A. may from time to time offer notes to investors in certain jurisdictions (excluding the United States, Canada, Japan and Australia). The notes issued under this program are expected to be listed on the Luxembourg Stock Exchange.

On April 17, 2012, the Group and U.S. Holdings entered into a multicurrency (Euro/USD) revolving credit facility with a group of banks providing for loans in the aggregate principal amount of Euro 500 million (or the equivalent in U.S. dollars) guaranteed by Luxottica Group, Luxottica S.r.l. and U.S. Holdings. The agent for this credit facility is Unicredit AG Milan Branch and the other lending banks are Bank of America Securities Limited, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank—Milan Branch, Banco Santander S.A., The Royal Bank of Scotland PLC and Unicredit S.p.A.. The facility matures on April 10, 2017 and was not drawn as of 31 December 2013.

The fair value of long-term debt as of 31 December 2013 was equal to Euro 2.144,9 million (Euro 2.483,5 million as of 31 December 2012). The fair value of the debt equals the present value of future cash flows, calculated by utilizing the market rate currently available for similar debt and adjusted in order to take into account the Group's current credit rating. The above fair value does not include capital lease obligations.

On 31 December 2013, the Group had unused uncommitted lines (revolving) of Euro 500 million.

Long-term debt, including capital lease obligations, as of 31 December 2013, matures as follows:

Years ended 31 December (Amounts in thousands of Euro)	
2014	318.100
2015	613.565
2016	—
2017	98.745
2018 and subsequent years	987.236
Effect deriving from the adoption of the amortized cost method	16.864
Total	**2.034.510**

Long-term debt includes finance lease liabilities of Euro 25,6 million (Euro 29,2 million as of 31 December 2012).

(Amounts in thousands of Euro)	31/12/2013	31/12/2012
Gross finance lease liabilities:		
- no later than 1 year	4.967	5.098
- later than 1 year and no later than 5 years	15.109	15.771
- later than 5 years	10.082	13.845
	30.158	**34.714**
Future finance charges on finance lease liabilities	4.568	(5.472)
Present values of finance lease liabilities	**25.590**	**29.242**

The present value of finance lease liabilities is as follows:

(Amounts in thousands of Euro)	31/12/2013	31/12/2012
- no later than 1 year	3.799	3.546
- later than 1 year and no later than 5 years	12.338	12.703
- later than 5 years	9.453	12.993
	25.590	**29.242**

26. LIABILITIES FOR TERMINATION INDEMNITIES

Employee benefits amounted to Euro 76,7 million (Euro 192 million as of 31 December 2012). The balance mainly included liabilities for termination indemnities of Euro 46,8 million (Euro 49,3 million as of 31 December 2012), and liabilities for employee benefits of the U.S. subsidiaries of the Group of Euro 29,6 million (Euro 142,4 million as of 31 December 2012). The reduction is mainly due to the increase of the discount rates used to calculate the liability.

Liabilities for termination indemnities mainly include post-employment benefits of the Italian companies' employees (hereinafter "TFR"), which at 31 December 2013 amounted to Euro 38,1 million (Euro 39,7 million as of 31 December 2012).

Effective 1 January 2007, the TFR system was reformed, and under the new law, employees are given the ability to choose where the TFR compensation is invested, whereas such compensation otherwise would be directed to the National Social Security Institute or Pension Funds. As a result, contributions under the reformed TFR system are accounted for as a defined contribution plan. The liability accrued until 31 December 2006 continues to be considered a defined benefit plan. Therefore, each year, the Group adjusts its accrual based upon headcount and inflation, excluding changes in compensation level.

This liability as of 31 December 2013 represents the estimated future payments required to settle the obligation resulting from employee service, excluding the component related to the future salary increases.

Contribution expense to pension funds was Euro 19.4 million and Euro 18,6 million for the years 2013 and 2012, respectively.

In application of IAS 19, the valuation of TFR liability accrued as of 31 December 2006 was based on the Projected Unit Credit Cost method. The main assumptions utilized are reported below:

	2013	2012
ECONOMIC ASSUMPTIONS		
Discount rate	3,15%	3,25%
Annual TFR increase rate	3,00%	3,00%
Death probability:	Those determined by the General Accounting Department of the Italian Government, named RG48	Those determined by the General Accounting Department of the Italian Government, named RG48
Retirement probability:	Assuming the attainment of the first of the retirement requirements applicable for the Assicurazione Generale Obbligatoria (General Mandatory Insurance)	Assuming the attainment of the first of the retirement requirements applicable for the Assicurazione Generale Obbligatoria (General Mandatory Insurance)

Movements in liabilities during the course of the year are detailed in the following table:

(Amounts in thousands of Euro)	2013	2012
Liabilities at the beginning of the year	39.969	36.482
Expenses for interests	1.286	1.674
Actuarial loss (income)	(201)	4.532
Benefits paid	(2.660)	(2.719)
Liabilities at the end of the year	**38.095**	**39.969**

Pension funds

Qualified Pension Plans—U.S. Holdings sponsors a qualified noncontributory defined benefit pension plan, the Luxottica Group Pension Plan ("Lux Pension Plan"), which provides for the payment of benefits to eligible past and present employees of U.S. Holdings upon retirement. Pension benefits are gradually accrued based on length of service and annual compensation under a cash balance formula. Participants become vested in the Lux Pension Plan after three years of vesting service as defined by the Lux Pension Plan. In 2013, the Lux Pension Plan was amended so that employees hired on or after 1 January 2014 would not be eligible to participate.

Nonqualified Pension Plans and Agreements—U.S. Holdings also maintains a nonqualified, unfunded supplemental executive retirement plan ("Lux SERP") for participants of its qualified pension plan to provide benefits in excess of amounts permitted under the provisions of prevailing tax law. The pension liability and expense associated with this plan are accrued using the same actuarial methods and assumptions as those used for the qualified pension plan. This plan's benefit provisions mirror those of the Lux Pension Plan.

U.S. Holdings also sponsors the Cole National Group, Inc. Supplemental Pension Plan. This plan is a nonqualified unfunded SERP for certain participants of the former Cole pension plan who were designated by the Board of Directors of Cole on the recommendation of Cole's chief executive officer at such time. This plan provides benefits in excess of amounts permitted under the provisions of the prevailing tax law. The pension liability and expense associated with this plan are accrued using the same actuarial methods and assumptions as those used for the qualified pension plan.

All plans operate under the U.S. regulatory framework. The plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA), as amended. The Luxottica Group ERISA Plans Compliance and Investment Committee controls and manages the operation and administration of the plans. The plans expose the Company to actuarial risks, such as longevity risk, currency risk, and interest rate risk. The Lux Pension Plan exposes the Company to market (investment) risk.

The following tables provide key information pertaining to the Lux Pension Plan and SERPs (amounts in thousands of Euro).

Lux Pension Plan	**Benefit Obligation**	**Plan Assets**	**Total**
At 1 January 2012	**483.738**	**(355.563)**	**128.175**
Service Cost	22.366	2.958	25.323
Interest expense/(income)	24.189	(19.033)	5.156
Remeasurement:			
Unexpected return on plan assets	—	(33.504)	(33.504)
(Gain)/loss from financial assumption changes	59.781	—	59.781
(Gain)/loss from demographic assumption changes	310	—	310
Experience (gains)/losses	(6.020)	—	(6.020)
Employer contributions	—	(48.898)	(48.898)
Benefit payment	(15.210)	15.210	—
Translation difference	11.590	9.056	2.534
At 31 December 2012	**557.564**	**(429.775)**	**127.789**

Lux Pension Plan	Benefit Obligation	Plan Assets	Total
At 1 January 2013	**557.564**	**(429.775)**	**127.789**
Service Cost	24.896	2.034	26.930
Interest expense/(income)	23.476	(18.822)	4.654
Remeasurement:			
Unexpected return on plan assets	—	(56.886)-	(56.886)
(Gain)/loss from financial assumption changes	(51.367)	—	(51.367)
(Gain)/loss from demographic assumption changes	240	—	240
Experience (gains)/losses	5.086	—	5.086
Employer contributions	—	(38.566)	(38.566)
Benefit payment	(41.479)	41.479	—
Translation difference	(22.679)	21.239	(1.439)
At 31 December 2013	**495.737**	**(479.297)**	**16.440**

SERP	Benefit Obligation	Plan Assets	Total
At 1 January 2012	**12.343**	—	**12.343**
Service Cost	510	—	510
Interest expense/(income)	488	—	488
		—	
Remeasurement:		—	
Unexpected return on plan assets	—		—
(Gain)/loss from financial assumption changes	574		574
(Gain)/loss from demographic assumption changes	2	—	2
Experience (gains)/losses	578	—	578
		—	
Employer contributions	—	(3.915)	(3.915)
Benefit payment	(18)	18	—
Settlements	(3.897)	3.897	—
Translation difference	(192)	—	(192)
At 31 December 2012	**10.388**	—	**10.388**

SERP	Benefit Obligation	Plan Assets	Total
At 1 January 2013	**10.388**	—	**10.388**
Service Cost	211	—	211
Interest expense/(income)	423	—	423
		—	
Remeasurement:		—	
Unexpected return on plan assets	—		—
(Gain)/loss from financial assumption changes	(272)		(272)
(Gain)/loss from demographic assumption changes	2	—	2
Experience (gains)/losses	619	—	619
		—	
Employer contributions	—	(2.281)	(2.281)
Benefit payment	(20)	20	—
Settlements	(2.261)	2.261	—
Translation difference	(401)	—	(401)
At 31 December 2013	**8.689**	—	**8.689**

The following tables show the main assumptions used to determine the period benefit cost and the benefit obligation.

	Pension Plan		SERPs	
	2013	2012	2013	2012
Weighted-average assumptions used to determine benefit obligations:				
Discount rate	5,10%	4,30%	5,10%	4,30%
Rate of compensation increase	6%/4%/3%	5%/3%/2%	6%/4%/3%	5%/3%/2%
Mortality Table	Static 2013	Static 2012	Static 2013	Static 2012

US Holdings' discount rate is developed using a third party yield curve derived from non-callable bonds of at least an Aa rating by Moody's Investor Services or at least an AA rating by Standard & Poor's. Each bond issue is required to have at least USD 250 million par outstanding. The yield curve compares the future expected benefit payments of the Lux Pension Plan to these bond yields to determine an equivalent discount rate. US Holdings uses an assumption for salary increases based on a graduated approach of historical experience. US Holdings' experience shows salary increases that typically vary by age.

The sensitivity of the defined benefit obligation to changes in the significant assumptions is (amounts in thousands):

	Impact on defined benefit obligation				
	Change in assumption	Increase in assumption		Decrease in assumption	
		Pension Plan	SERPs	Pension Plan	SERPs
Discount rate	1,0%	(58.638)	(587)	71.122	671
Rate of compensation increase	1% for each age group	6.190	323	(5.422)	(238)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liabilities recognized within the statements of financial position.

Plan Assets—The Lux Pension Plan's investment policy is to invest plan assets in a manner to ensure over a long-term investment horizon that the plan is adequately funded; maximize investment return within reasonable and prudent levels of risk; and maintain sufficient liquidity to make timely benefit and administrative expense payments. This investment policy was developed to provide the framework within which the fiduciary's investment decisions are made, establish standards to measure the investment manager's and investment consultant's performance, outline the roles and responsibilities of the various parties involved, and describe the ongoing review process. The investment policy identifies target asset allocations for the plan's assets at 40% Large Cap U.S. Equity, 10% Small Cap U.S. Equity, 15% International Equity, and 35% Fixed Income Securities, but an allowance is provided for a range of allocations to these categories as described in the table below.

	Asset Class as a Percent of Total Assets	
Asset Category	Minimum	Maximum
Large Cap U.S. Equity	37%	43%
Small Cap U.S. Equity	8%	12%
International Equity	13%	17%
Fixed Income Securities	32%	38%
Cash and Equivalents	0%	5%

The actual allocation percentages at any given time may vary from the targeted amounts due to changes in stock and bond valuations as well as timing of contributions to, and benefit payments from, the pension plan trusts. The Lux Pension Plan's investment policy intends that any divergence from the targeted allocations should be of a short duration, but the appropriate duration of the divergence will be determined by the Investment Subcommittee of the Luxottica Group Employee Retirement Income Security Act of 1974 ("ERISA") Plans Compliance and Investment Committee with the advice of investment managers and/or investment consultants, taking into account current market conditions. During 2013, the Committee reviewed the Lux Pension Plan's asset allocation monthly and if the allocation was not within the above ranges, the Committee re-balanced the allocations if appropriate based on current market conditions.

Plan assets are invested in diversified portfolios consisting of an array of asset classes within the above target allocations and using a combination of active and passive strategies. Passive strategies involve investment in an exchange-traded fund that closely tracks an index fund. Active strategies employ multiple investment management firms. Risk is controlled through diversification among asset classes, managers, styles, market capitalization (equity investments) and individual securities. Certain transactions and securities are prohibited from being held in the Lux Pension Plan's trusts, such as ownership of real estate other than real estate investment trusts, commodity contracts, and American Depositary Receipts ("ADR") or common stock of the Group. Risk is further controlled both at the asset class and manager level by assigning benchmarks and excess return targets. The investment managers are monitored on an ongoing basis to evaluate performance against the established market benchmarks and return targets.

Quoted market prices are used to measure the fair value of plan assets, when available. If quoted market prices are not available, the inputs utilized by the fund manager to derive net asset value are observable and no significant adjustments to net asset value were necessary.

Contributions—U.S. Holdings expects to contribute Euro 48.5 million to its pension plan and Euro 1.5 million to the SERP in 2014.

Duration – The weighted average duration of the pension defined benefit obligation is 12,9 years while the weighted average duration of the SERPs is 8,9 years. The following table provides the undiscounted estimated future benefit payments (amounts in thousands):

Estimated Future Benefit Payments	**Pension Plan**	**SERPs**
2014	14.009	1.521
2015	16.658	199
2016	19.364	199
2017	22.785	469
2018	25.066	725
2019 - 2023	176.241	3.415

Other Benefits—U.S. Holdings provides certain post-employment medical, disability and life insurance benefits. The Group's accrued liability related to this obligation as of 31 December 2013 and 2012, was Euro 1,1 million and Euro 1,2 million, respectively.

U.S. Holdings sponsors the following additional benefit plans, which cover certain present and past employees of some of its US subsidiaries:

(a) U.S. Holdings provides, under individual agreements, post-employment benefits for continuation of health care benefits and life insurance coverage to former employees after employment. As of each of 31 December 2013 and 2012, the accrued liability related to these benefits was Euro 0,5 million.

(b) U.S. Holdings maintains the Cole National Group, Inc. Supplemental Retirement Benefit Plan, which provides supplemental retirement benefits for certain highly compensated and management employees who were previously designated by the former Board of Directors of Cole as participants. This is an unfunded noncontributory defined contribution plan. Each participant's account is credited with interest earned on the average balance during the year. This plan was frozen as to future salary credits on the effective date of the Cole acquisition in 2004. The plan liability was Euro 0,6 million and Euro 0,7 million at 31 December 2013 and 2012, respectively.

U.S. Holdings sponsors certain defined contribution plans for its United States and Puerto Rico employees. The cost of contributions incurred in 2013 and 2012 was Euro 6,3 million and Euro 8,4 million, respectively, and was recorded in general and administrative expenses in the consolidated statement of income. U.S. Holdings also sponsors a defined contribution plan for all U.S. Oakley associates with at least six months of service. The cost for contributions incurred in 2013 and 2012 was Euro 2,2 million and Euro 1,8 million, respectively.

The Group continues to participate in superannuation plans in Australia and Hong Kong. The plans provide benefits on a defined contribution basis for employees upon retirement, resignation, disablement or death. Contributions to defined contribution superannuation plans are recognized as an expense as the contributions are paid or become payable to the fund. Contributions are accrued based on legislated rates and annual compensation.

Health Benefit Plans—U.S. Holdings partially subsidizes health care benefits for eligible retirees. Employees generally become eligible for retiree health care benefits when they retire from active service between the ages of 55 and 65. Benefits are discontinued at age 65. During 2009, U.S. Holdings provided for a one-time special election of early retirement to certain associates age 50 or older with 5 or more years of service. Benefits for this group are also discontinued at age 65 and the resulting special termination benefit is immaterial.

The plan liability of Euro 3,2 million and Euro 3,5 million at 31 December 2013 and 2012, respectively, is included in other non-current liabilities on the consolidated statement of financial position.

The cost of this plan in 2013 and 2012 as well as the 2014 expected contributions are immaterial.

For 2014, a 8,5%(9,0% for 2013) increase in the cost of covered health care benefits was assumed. This rate was assumed to decrease gradually to 5% for 2021 and remain at that level thereafter. The health care cost trend rate assumption could have a significant effect on the amounts reported. A 1,0% increase or decrease in the health care trend rate would not have a material impact on the consolidated financial statements. The weighted—average discount rate used in determining the accumulated postretirement benefit obligation was 5,1% at 31 December 2013 and 4,3% at 31 December 2012.

27. LONG TERM PROVISIONS

The balance is detailed below (amounts in thousands of Euro):

	Legal risk	Self-insurance	Tax provision	Other risks	Total
Balance as of 31 December 2012	**9.777**	**24.049**	**60.907**	**26.507**	**121.240**
Increases	4.299	9.014	6.987	436	20.736
Decreases	(2.297)	(8.586)	(285)	6.870	(4.368)
Business combinations	383			240	623
Translation difference and other movements	(1.069)	(997)	(22.073)	(14.808)	(38.947)
Balance as of 31 December 2013	**11.093**	**23.480**	**45.556**	**19.155**	**99.284**

Other risks include (i) accruals for risks related to sales agents of certain Italian companies of Euro 5,8 million (Euro 6,7 million as of 31 December 2012) and (ii) accruals for decommissioning the costs of certain subsidiaries of the Group operating in the Retail Segment of Euro 3,1 million (Euro 2,8 million as of 31 December 2012).

The Group is self-insured for certain types of losses (please refer to Note 22 "Provisions" for further details).

28. OTHER NON-CURRENT LIABILITIES

The balance of other non-current liabilities was Euro 74,2 million and Euro 52,7 million as of 31 December 2013 and 2012, respectively.

The balance mainly includes "Other liabilities" of the North American retail division of Euro 40,3 million and Euro 40,6 million as of 31 December 2013 and 2012, respectively.

INFORMATION ABOUT THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

29. NET FINANCIAL (EXPENSES)/INCOME

Financial income and expenses are broken down as follows:

FINANCIAL EXPENSES (in thousands of euros)	**2013**	**2012**
Interest expense on bank overdrafts	(13005)	(17.432)
Interest expense on loans	(87.605)	(131.256)
Interest expense on derivatives	(7.548)	(10.595)
Interest expenses on securities	-	(26.157)
Other interest expense	(24.343)	(25.427)
Total interest expenses	**(132.546)**	**(210.867)**
FINANCIAL INCOME (in thousands of euros)		
Interest income on bank accounts	7.193	16.513
Interest income on securities	47.689	19.684
Interest on derivatives	1.070	1.689
Interest income on loans	1.258	928
Other income	14	19
Total interest income	**57.234**	**38.833**
Other - net from derivative financial instruments and translation differences	(7.951)	(1.109)
Other - net	194	(5.318)
Total net other income/(expenses)	**(7.757)**	**(6.427)**
NET FINANCIAL INCOME (EXPENSES)	**(83.069)**	**(178.461)**

30. INCOME TAXES

The income taxes charged to the consolidated statement of profit and loss are illustrated as follows:

INCOME TAXES (in thousands of euros)	**2013**	**2012**
Current income taxes	(432.589)	(341.377)
Deferred income taxes	13.163	28.910
Net income taxes	**(419.426)**	**(312.467)**

The parent company as well as the other Luxembourg companies are holding companies that are subject to tax rates that are different than the ones of Luxottica Group that is an industrial group.

For the purpose of building these consolidated financial statements, the management believes that the most representative tax reconciliation is the one of Luxottica group that represents for 2013 Euro 407,5 million of the total taxes and for 2012 Euro 305,8 million of the total taxes.

The taxes at the level of the Luxemburg companies are mainly related to withholding taxes on dividends equal to Euro 6,7 million in 2013 and Euro 6,5 million in 2012 plus other taxes paid in Luxembourg for the difference.

Please find below the reconciliation between the Italian statutory tax rate applicable to Luxottica Group Spa and the effective tax rate of Luxottica as follows:

	As of 31 December	
	2013	2012
Italian statutory tax rate	31,4%	31,4%
Aggregate effect of different tax rates in foreign jurisdictions	5%	3,3%
Non - deductible impairment loss	-	-
Accrual for tax inspection on Luxottica S.r.l. (fiscal year 2007)	7%	1,2%
Aggregate other effects	(0,8)%	0,4%
Effective rate	**42,6%**	**36,3%**

31. COMMITMENTS AND RISKS

Licensing agreements

The Group has entered into licensing agreements with certain designers for the production, design and distribution of sunglasses and prescription frames.

Under these licensing agreements—which typically have terms ranging from 3 to 10 years—the Group is required to pay a royalty generally ranging from 5% to 14% of net sales. Certain contracts also provide for the payment of minimum annual guaranteed amounts and a mandatory marketing contribution (the latter typically amounts to between 5% and 10% of net sales). These agreements can typically be terminated early by either party for a variety of reasons, including but not limited to non-payment of royalties, failure to reach minimum sales thresholds, product alteration and, under certain conditions, a change in control of Luxottica Group S.p.A..

Minimum payments required in each of the years subsequent to 31 December 2013 are detailed as follows (amounts in thousands of Euro):

Years ending 31 December:	
2014	99.643
2015	87.763
2016	71.691
2017	62.412
2018	53.912
Subsequent years	161.520
Total	**536.941**

Rentals, leasing and licenses

The Group leases through its worldwide subsidiaries various retail stores, plants, warehouses and office facilities as well as certain of its data processing and automotive equipment under operating lease arrangements. These agreements expire between 2014 and 2026 and provide for renewal options under various conditions. The lease arrangements for the Group's U.S. retail locations often include escalation clauses and provisions requiring the payment of incremental rentals, in addition to any established minimums contingent upon the achievement of specified levels of sales volume. The Group also operates departments in various host stores, paying occupancy costs solely as a percentage of sales. Certain agreements which provide for operations of departments in a major retail chain in the United States contain short-term cancellation clauses.

Total rental expense for each year ended 31 December is as follows:

(Amounts in thousands of Euro)	2013	2012
Minimum lease payments	359.479	360.082
Additional lease payments	126.400	99.377
Sublease payments	(22.871)	(25.754)
Total	**463.008**	**433.705**

Future rental commitments, including contracted rent payments and contingent minimums, are as follows:

Year ending 31 December (Amounts in thousands of Euro)	
2014	290.405
2015	247.900
2016	203.001
2017	150.397
2018	111.217
Subsequent years	222.600
Total	**1.225.521**

Other commitments

The Group is committed to pay amounts in future periods for endorsement contracts, supplier purchase and other long-term commitments. Endorsement contracts are entered into with selected athletes and others who endorse Oakley products. Oakley is often required to pay specified minimal annual commitments and, in certain cases, additional amounts based on performance goals. Certain contracts provide additional incentives based on the achievement of specified goals. Supplier commitments have been entered into with various suppliers in the normal course of business. Other commitments mainly include auto, machinery and equipment lease commitments.

Future minimum amounts to be paid for endorsement contracts and supplier purchase commitments at 31 December 2013 are as follows:

Year ending 31 December (Amounts in thousands of Euro)	**Endorsement contracts**	**Supply commitments**	**Other commitments**
2014	12.007	24.870	10.131
2015	8.087	12.262	5.358
2016	5.689	7.827	1.243
2017	3.437	7.971	106
2018	236	8.147	—
Subsequent years	372	12.395	—
Total	**29.827**	**73.473**	**16.838**

Guarantees

The United States Shoe Corporation, a wholly-owned subsidiary within the Group, has guaranteed the lease payments for five stores in the United Kingdom. These lease agreements have varying termination dates through 30 June 2017. At 31 December 2013, the Group's maximum liability amounted to Euro 1,7 million (Euro 2,6 million at 31 December 2012).

A wholly-owned U.S. subsidiary guaranteed future minimum lease payments for lease agreements on certain stores. The lease agreements were signed directly by the franchisees as part of certain franchising agreements. Total minimum guaranteed payments under this guarantee were Euro 1,1 million (USD 1,5 million) at 31 December 2013 (Euro 1,0 million at 31 December 2012). The commitments provided for by the guarantee arise if the franchisee cannot honor its financial commitments under the lease agreements. A liability has been accrued using an expected present value calculation. Such amount is immaterial to the consolidated financial statements as of 31 December 2013 and 2012.

Litigation

French Competition Authority Investigation

Our French subsidiary Luxottica France S.A.S., together with other major competitors in the French eyewear industry, has been the subject of an anti-competition investigation conducted by the French Competition Authority relating to pricing practices in such industry. The investigation is ongoing and, to date, no formal action has yet been taken by the French Competition Authority. As a consequence, it is not possible to estimate or provide a range of potential liability that may be involved in this matter. The outcome of any such action, which the Group intends to vigorously defend, is inherently uncertain, and there can be no assurance that such action, if adversely determined, will not have a material adverse effect on our business, results of operations and financial condition.

Other proceedings

The Company and its subsidiaries are defendants in various other lawsuits arising in the ordinary course of business. It is the opinion of the management of the Company that it has meritorious defenses against all such outstanding claims, which the Company will vigorously pursue, and that the outcome of such claims, individually or in the aggregate, will not have a material adverse effect on the Company's consolidated financial position or results of operations.

Credit lines

As of 31 December 2013 and 2012, the Group had unused committed short-term lines of credit of approximately Euro 1.126,6 million and Euro 1.145,4 million, respectively.

The subsidiary Luxottica S.r.l. maintains lines of credit with primary banks for an aggregate maximum credit of Euro 1.242,6 million (of which euro 500 million are committed lines).

32. SHARE BASED PAYMENTS

On 14 September 2004, Luxottica announced that its principal shareholder, Leonardo Del Vecchio, had allocated 2,11% of Group shares, equal to 9,6 million shares held by him through the company La Leonardo Finanziaria S.r.l. - now owned through Delfin S.à r.l. - a holding company owned by the Del Vecchio family, to a stock options plan to be granted to the top management of the Company. The options became exercisable on 30 June 2006, when certain financial targets were met, and consequently the holders of the stock options may exercise them beginning on that date until their expiration in 2014. During 2013, 3.100 thousand options (3.900 thousand in 2012) from this grant were exercised. As of 31 December 2013, 330 thousand options were outstanding.

Share based payment approved by Luxottica Group Spa (Luxottica)

Beginning in April 1998, certain officers and other key employees of the Company and its subsidiaries were granted stock options of Luxottica Group S.p.A. under the Company's stock option plans (the "plans"). In order to strengthen the loyalty of some key employees—with respect to individual targets, and in order to enhance the overall capitalization of the Company—the Company's stockholders meetings approved three stock capital increases on 10 March 1998, September 20, 2001 and June 14, 2006, respectively, through the issuance of new common shares to be offered for subscription to employees. On the basis of these stock capital increases, the authorized share capital was equal to Euro 29.457.295,98. These options become exercisable at the end of a three-year vesting period. Certain options may contain accelerated vesting terms if there is a change in ownership (as defined in the plans).

The stockholders' meeting has delegated the Board of Directors to effectively execute, in one or more installments, the stock capital increases and to grant options to employees. The Board can also:

– establish the terms and conditions for the underwriting of the new shares;

– request the full payment of the shares at the time of their underwriting;

– identify the employees to grant the options based on appropriate criteria; and

– regulate the effect of the termination of the employment relationships with the Company or its subsidiaries and the effects of the employee death on the options granted by specific provision included in the agreements entered into with the employees.

Upon execution of the proxy received from the Stockholders' meeting, the Board of Directors has granted a total of 55.909.800 options of which, as of 31 December 2013, 27.060.673 have been exercised.

In total, the Board of Directors approved the following stock option plans:

Plan	Granted	Exercised
1998 Ordinary Plan	3.380.400	2.716.600
1999 Ordinary Plan	3.679.200	3.036.800
2000 Ordinary Plan	2.142.200	1.852.533
2001 Ordinary Plan	2.079.300	1.849.000
2002 Ordinary Plan	2.348.400	2.059.000
2003 Ordinary Plan	2.397.300	2.199.300
2004 Ordinary Plan	2.035.500	1.988.000
2005 Ordinary Plan	1.512.000	1.305.000
2006 Ordinary Plan (*)	1.725.000	70.000
2007 Ordinary Plan (*)	1.745.000	15.000
2008 Ordinary Plan	2.020.500	1.405.300
2009 Ordinary Plan	1.050.000	609.500
2009 Ordinary Plan: reassignment of options granted under the 2006 and 2007 ordinary plans to non-US beneficiaries	2.060.000	1.416.500
2009 Ordinary Plan: reassignment of options granted under the 2006 and 2007 ordinary plans to US beneficiaries	825.000	559.500
2001 Performance Plan	1.170.000	-
2004 Performance Plan	1.000.000	1.000.000
2006 Performance Plan - US beneficiaries (*)	3.500.000	-
2006 Performance Plan - non-US beneficiaries (*)	9.500.000	1.000.000
2009 Performance Plan: reassignment of options granted under the 2006 performance plans to non-US domiciled beneficiaries	4.250.000	1.800.000
2009 Performance Plan: reassignment of options granted under the 2006 performance plans to US domiciled beneficiaries	1.450.000	1.200.000
2010 Ordinary Plan	1.924.500	873.340
2011 Ordinary Plan	2.039.000	5.000
2012 Ordinary Plan	2.076.500	-
Total	**55.909.800**	**27.060.673**

(*) The plan was reassigned in 2009.

On 13 May 2008, a Performance Shares Plan for senior managers within the Company as identified by the Board of Directors (the "Board") of the Company (the "2008 PSP") was adopted. The beneficiaries of the 2008 PSP are granted the right to receive ordinary shares, without consideration, if certain financial targets set by the Board are achieved over a specified three-year period. The 2008 PSP, which expired in 2013, had a term of five years, during which time the Board authorized the issuance of five grants to the 2008 PSP beneficiaries.

Pursuant to the PSP plan adopted in 2008, on April 28, 2011, the Board granted certain of our key employees 665.000 rights to receive ordinary shares ("PSP 2011"), which can be increased by 15% up to a maximum of 764.750 units, if certain consolidated cumulative earnings per share targets are achieved over the three-year period from 2011 through 2013. Management believes that Group will reach 90% of the target. As of 31 December 2013 120.750 units granted had been forfeited.

Pursuant to the PSP plan adopted in 2008, on 7 May 2012, the Board granted certain of our key employees 601.000 rights to receive ordinary shares ("PSP 2012"), which may be increased by 20% up to a maximum of 721.200 units, if certain consolidated cumulative earning per share targets are achieved over the three-year period from 2012 through 2014. Management expects that the target will be met. As of 31 December 2013, 67.200 unites granted had been forfeited.

On 29 April 2013, a Performance Shares Plan for senior managers within the Company as identified by the Board (the "2013 PSP") was adopted. The beneficiaries of the 2013 PSP are granted the right to receive ordinary shares, without consideration, if certain financial targets set by the Board are achieved over a specified three-year period.

On the same date, the Board granted certain of our key employees 1.067.900 rights to receive ordinary shares which may be increased by 20% up to a maximum of 1.281.480 units, if certain consolidated cumulative earning per share targets are achieved over the three-year period from 2013 through 2015. Management expects that the target will be met. As of 31 December 2013, none of the 22.440 units granted had been forfeited.

The information required by IFRS 2 on stock option plans is reported below.

The fair value of the stock options was estimated on the grant date using the binomial model and following weighted average assumptions:

	PSP 2013
Share price at the grant date (in Euro)	40,82
Expected option life	3 years
Dividend yield	1,92%

The fair value of the units granted under the 2013 PSP was Euro 38,56 per unit.
Movements reported in the various stock option plans in 2013 are reported below

	Exercise price	Currency	N° of options outstanding as of 31 December 2012	Granted options	Forfeited options	Exercised options	Expired options	N° of options outstanding as of 31 December 2013
2004 Ordinary Plan	13.79	Euro	21.300	—	—	(21.300)	—	—
2005 Ordinary Plan	16.89	Euro	225.000	—	—	(198.000)	—	27.000
2006 Performance Plan B	20.99	Euro	1.100.000	—	—	(1.100.000)	—	—
2007 Ordinary Plan	24.03	Euro	15.000	—	—	(10.000)	—	5.000
2008 Ordinary Plan	18.08	Euro	608.470	—	—	(344.770)	—	263.700
2009 Ordinary plan for citizens not resident in the U.S.	13.45	Euro	136.500	—	—	(87.000)	—	49.500
2009 Ordinary plan for citizens resident in the U.S.	14.99	Euro	236.000	—	—	(105.000)	—	131.000
2009 Plan—reassignment of 2006/2007 plans for citizens not resident in the U.S.	13.45	Euro	792.566	—	—	(369.066)	—	423.500
2009 Plan—reassignment of 2006/2007plans for citizens resident in the U.S.	15.03	Euro	212.000	—	—	(131.500)	—	80.500
2009 Plan—reassignment of STR 2006 plans for citizens not resident in the U.S.	13.45	Euro	3.500.000	—	—	(1050.000)	—	2.450.000
2009 Plan—reassignment of STR 2006 plans for citizens resident in the U.S.	15.11	Euro	187.500	—	—	(37.500)	—	150.000
2010 Ordinary Plan—for citizens not resident in the U.S.	20.72	Euro	1.121.500	—	(43.000)	(645.500)	—	433.000
2010 Ordinary Plan—for citizens resident in the U.S.	21.23	Euro	515.500	—	(18.000)	(222.840)	—	274.660
2011 Ordinary Plan—for citizens not resident in the U.S.	22.62	Euro	1.277.000	—	(57.000)	—	—	1.220.000
2011 Ordinary Plan—for citizens resident in the U.S.	23.18	Euro	598.500	—	(81.000)	—	—	517.500
2012 Ordinary Plan—for citizens not resident in the U.S.	28.32	Euro	1.389.000	—	(27.000)	—	—	1.362.000
2012 Ordinary Plan—for citizens resident in the U.S.	26.94	Euro	657.000	—	(71.000)	—	—	586.000
Total			**12.592.836**	—	**(297.000)**	**(4.322.476)**	—	**7.973.360**

Options exercisable on 31 December 2013 are summarized in the following table:

	Number of options exercisable as of 31 December 2013
2005 Plan	27.000
2007 Plan	5.000
2008 Plan	263.700
2009 Ordinary plan—for citizens not resident in the U.S.	49.500
2009 Ordinary plan—for citizens resident in the U.S.	131.000
2009 Plan—reassignment of 2006/2007 plans for citizens not resident in the U.S.	423.500
2009 Plan—reassignment of 2006/2007 plans for citizens resident in the U.S.	80.500
2009 Plan—reassignment of 2006 plans for citizens not resident in the U.S.	2.450.000
2009 Plan—reassignment of 2006 plans for citizens resident in the U.S.	150.000
2010 Plan—for citizens not resident in the U.S.	433.000
2010 Plan—for citizens resident in the U.S.	274.660
Total	**4.287.860**

The remaining contractual life of plans in effect on 31 December 2013 is highlighted in the following table:

	Remaining contractual life in years
2005 Ordinary Plan	0,08
2006 Ordinary Plan	1,08
2006 Performance Plan B	1,57
2007 Ordinary Plan	2,18
2008 Ordinary Plan	3,20
2009 Ordinary plan for citizens not resident in the U.S.	4,35
2009 Ordinary plan for citizens resident in the U.S.	4,35
2009 Plan—reassignment of 2006/2007 plans for citizens resident in the U.S.	3,25
2009 Plan—reassignment of 2006/2007 plans for citizens not resident in the U.S.	4,35
2009 Plan—reassignment of 2006 plans for citizens not resident in the U.S.	4,35
2009 Plan—reassignment of 2006 plans for citizens resident in the U.S.	4,45
2010 Ordinary Plan—for citizens not resident in the U.S.	5,33
2010 Ordinary Plan—for citizens resident in the U.S.	5,33
2011 Ordinary Plan—for citizens not resident in the U.S.	6,33
2011 Ordinary Plan—for citizens resident in the U.S.	6,33
2012 Ordinary Plan—for citizens not resident in the U.S.	7,35
2012 Ordinary Plan—for citizens resident in the U.S.	7,35

With regards to the options exercised during the course of 2013, the weighted average share price of the shares in 2013 was equal to Euro 38,27.

The Group has recorded an expense for the ordinary stock option plans of Euro 9,5 million and Euro 10,8 million in 2013 and 2012, respectively. For the extraordinary plan as well as for the 2009, 2010, 2011, 2012 and 2013 PSPs , the Group recorded an expense of Euro 18,7 million and Euro 30,5 million in 2013 and 2012, respectively.

The stock plans outstanding as of 31 December 2013 are conditional upon satisfying the service conditions. The PSP plans are conditional upon satisfying service as well as performance conditions.

33. RELATED PARTIES TRANSACTION

Licensing Agreements

The Group executed an exclusive worldwide license for the production and distribution of Brooks Brothers brand eyewear. The brand is held by Brooks Brothers Group, Inc. ("BBG"), which is owned and controlled by a director of the Company, Claudio Del Vecchio. The license expires on 31 December 2014 but is renewable until 31 December 2019. Royalties paid under this agreement to BBG were Euro 0,8 million in 2013 and Euro 0,7 million in 2012.

Service Revenues

During the years ended 31 December 2013 and 2012 and U.S. Holdings performed consulting and advisory services relating to risk management and insurance for Brooks Brothers Group, Inc. Amounts received for the services provided for those years were Euro 0,1 million in each year. Management believes that the compensation received for these services was fair to the Company.

Incentive Stock Option Plans

On 14 September 2004, the Company announced that its primary stockholder, Leonardo Del Vecchio, had allocated 2.11% of the shares of the Company—equal to 9,6 million shares, owned by him through the company La Leonardo Finanziaria S.r.l. and currently owned through Delfin S.à r.l., a financial company owned by the Del Vecchio family, to a stock option plan for the senior management of the Company. The options became exercisable on 30 June 2006 following the meeting of certain economic objectives and, as such, the holders of these options became entitled to exercise such options beginning on that date until their termination in 2014. During 2013, 3,1 million options (3,9 million in 2012) from this grant were exercised. As of 31 December 2013, 0,3 million options were outstanding.

Total remuneration due to key managers amounted to approximately Euro 24,4 million and Euro 43,2 million in 2013 and 2012, respectively

Related Parties

A summary of related party transactions as of 31 December 2013 and 2012, is provided below.

Related parties **As of 31 December 2013**	**Consolidated Statement of Income**		**Consolidated Statement of Financial Position**	
(Amounts in thousands of Euro)	**Revenues**	**Costs**	**Assets**	**Liabilities**
Brooks Brothers Group, Inc.	9.553	1.000	68	254
Type 20 Srl	82		3.401	
Cav. Leonardo Del Vecchio	2.294		78.667	401.225
Eyebiz Laboratories Pty Limited	1.667	45.814	6.922	9.415
Salmoiraghi & Viganò	13.812		53.245	
Others	597	1.115	2.943	426
Total	**28.005**	**47.929**	**145.246**	**411.320**

Related parties **As of 31 December 2012**	**Consolidated Statement of Income**		**Consolidated Statement of Financial Position**	
(Amounts in thousands of Euro)	**Revenues**	**Costs**	**Assets**	**Liabilities**
Brooks Brothers Group, Inc.	-	802	13	40
Type 20 Srl	84	-	4.243	-
Cav. Leonardo Del Vecchio	1.888	-	51.486	251.225
Multiopticas Group	-	-	-	-
Eyebiz Laboratories Pty Limited	1.194	44.862	7.898	9.086
Others	665	764	1.234	72
Total	**3.831**	**46.428**	**64.874**	**260.423**

Total remuneration due to key managers amounted to approximately Euro 24,4 million and Euro 43,2 million in 2013 and 2012, respectively.

34. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are classified as current or non-current assets and liabilities. The fair value of derivatives is classified as a long-term asset or liability for the portion of cash flows expiring after 12 months, and as a current asset or liability for the portion expiring within 12 months.

The table below shows the assets and liabilities related to derivative contracts in effect as of 31 December 2013 and 2012 (amounts in thousands of Euro):

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps-cash flow hedge				(438)
Forward contracts-cash flow hedge	6.039	(1.471)	6.048	(681)
Total	**6.039**	**(1.471)**	**6.048**	**(1.119)**
of which:				
Non-current portion				
Interest rate swaps-cash flow hedge				
Forward contracts-cash flow hedge				
Total				
Current portion	**6.039**	**(1.471)**	**6.048**	**(1.119)**

The table below shows movements in the stockholders' equity due to the reserve for cash flow hedges (amounts in thousands of Euro):

Balance as of 1 January 2012	**(14.018)**
Fair value adjustment of derivatives designated as cash flow hedges	3.163
Tax effect on fair value adjustment of derivatives designated as cash flow hedges	(2.512)
Amounts reclassified to the consolidated statement of income	17.044
Tax effect on amounts reclassified to the consolidated statement of income	(3.995)
Balance as of 31 December 2012	**(318)**
Fair value adjustment of derivatives designated as cash flow hedges	(129)
Tax effect on fair value adjustment of derivatives designated as cash flow hedges	35
Amounts reclassified to the consolidated statement of income	567
Tax effect on amounts reclassified to the consolidated statement of income	(155)
Balance as of 31 December 2013	—

Interest rate swaps

As of 31 December 2013 interest rate swap instruments have all expired.

35. SUBSEQUENT EVENTS

January

On 20 January 2014 the Group received an upgrade of its long-term credit rating from BBB+ to A- by Standard & Poor's. The rating A- also applies to our EMTN program and all our outstanding notes, including the Eurobonds due November 10, 2015 and 19 March 2019.

On 31 January 2014 the Group completed the acquisition of Glasses.com from Well Point Inc.. The purchase price was approximately USD 40 million.

February

On 10 February 2014, the Group completed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due 10 February 2024. Interest on the notes accrues at 2,625% per annum (ISIN XS1030851791). The bond received a rating A-.

July

On July, Delfin S.à r.l. and Aterno S.à r.l. extended the credit lines for an additional year until 30 June 2014.

Delfin S.à r.l. has a credit line for Euro 1,2 billion and Aterno S.à r.l. for Euro 0,3 billion.

November

On 12 November 2014 Mr. Del Vecchio subscribed to the capital increase of the Company Delfin S.à r.l. for the amount of Euro 162.030.050.

During the subsequent months of 2014 the Company has continued its activity of acquiring and selling participations and other securities. Moreover, the company has received dividends from its financial fixed assets and paid dividends to its Sole Shareholder.

36. DATE OF ISSUANCE

The consolidated financial statements were approved by the Board of Managers on Luxembourg on 22 January 2015.

The Managers

SCHEDULE 1

List of Significant Investments Owned by the Parent Company

The table shows the equity investments owned by the parent company that exceed 10% of the share capital in listed and unlisted corporations.

SUBSIDIARY OR ASSOCIATE	OWNER	Registered office	Percentage	Share capital
LUXOTTICA GROUP S.P.A.	DELFIN S.à r.l.	Milan - Piazzale Luigi Cadorna 3	61,902%	28.653.640
REDFERN S.à r.l.	DELFIN S.à r.l.	Luxembourg	100%	12.500
ATERNO S.à r.l.	REDFERN S.à r.l.	Luxembourg	100%	12.500
DFR HOLDING S.à r.l.	DELFIN S.à r.l.	Luxembourg	100%	1.000.000
DFR INVESTMENT S.à r.l.	DFR HOLDING S.à r.l.	Luxembourg	100%	900.000
FONCIERE DES REGIONES	ATERNO S.à r.l. / DFR INVESTMENT S.à r.l.	France	27,63%	188.991.333
PARTIMMO S.R.L.	DELFIN S.à r.l.	Belluno (Italy)	100%	100.000
SCI LA LEONINA	PARTIMMO S.R.L.	Beaulieu sur Mer (France)	99%	12.195.921,38
PORTO SAN ROCCO S.P.A.	DELFIN S.à r.l.	Muggia (TS) - Strada del Lazzaretto n. 2	98,19%	5.000.000
SCHEMA PARTECIPATION GmbH - in liquidation	DELFIN S.à r.l.	Germany	100%	50.000
DELFIN FINANCE S.A.	DELFIN S.à r.l.	Luxembourg	100%	1.000.000

SCHEDULE 2

List of Significant Investments Owned by the subsidiary Luxottica Group S.p.A.

The table shows the equity investments owned by Luxottica Group S.p.A. that exceed 10% of the share capital in listed and unlisted corporations and limited liability companies.

Subsidiaries	Registered office	Holding	% Ownership	% Group/ Owned	Capital Stock	Capital Stock currency
1242 PRODUCTIONS INC	TUMWATER-WASHINGTON	OAKLEY INC	100,00	100,00	100.000,00	USD
AIR SUN	MASON-OHIO	SUNGLASS HUT TRADING LLC	70,00	70,00	1,00	USD
ALAIN MIKLI INTERNATIONAL SAS	PARIS	LUXOTTICA GROUP SPA	100,00	100,00	4.459.786,64	EUR
ALAIN MIKLI SCHWEIZ AM AG	LUPFIG	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	100.000,00	CHF
ARNETTE OPTIC ILLUSIONS INC	IRVINE-CALIFORNIA	LUXOTTICA US HOLDINGS CORP	100,00	100,00	1,00	USD
AUTANT POUR VOIR QUE POUR ETRE' VUES SARL	PARIS	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	15.245,00	EUR
BEIJING SI MING DE TRADING CO LTD *	BEIJING	SPV ZETA Optical Trading (Beijing) Co Ltd	100,00	100,00	30.000,00	CNR
BUDGET EYEWEAR AUSTRALIA PTY LTD	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100,00	100,00	341.762,00	AUD
BUDGET SPECS (FRANCHISING) PTY LTD	MACQUARIE PARK-NSW	BUDGET EYEWEAR AUSTRALIA PTY LTD	100,00	100,00	2,00	AUD
CENTRE PROFESSIONNEL DE VISION USSC INC	MISSISSAUGA-ONTARIO	THE UNITED STATES SHOE CORPORATION	100,00	100,00	1,00	CAD
COLE VISION SERVICES INC	DOVER-DELAWARE	EYEMED VISION CARE LLC	100,00	100,00	10,00	USD
COLLEZIONE RATHSCHULER SRL	AGORDO	LUXOTTICA GROUP SPA	100,00	100,00	10.000,00	EUR
DAVID CLULOW BRIGHTON LIMITED (**)	LONDON	LUXOTTICA RETAIL UK LTD	50,00	50,00	2,00	GBP
DAVID CLULOW COBHAM LIMITED (**)	LONDON	LUXOTTICA RETAIL UK LTD	50,00	50,00	2,00	GBP
DAVID CLULOW CROUCH END LIMITED (**)	LONDON	LUXOTTICA RETAIL UK LTD	50,00	50,00	2,00	GBP
DAVID CLULOW LOUGHTON LIMITED (**)	LONDON	LUXOTTICA RETAIL UK LTD	50,00	50,00	2,00	GBP
DAVID CLULOW MARLOW LIMITED (**)	LONDON	LUXOTTICA RETAIL UK LTD	50,00	50,00	2,00	GBP
DAVID CLULOW NEWBURY LIMITED (**)	LONDON	LUXOTTICA RETAIL UK LTD	50,00	50,00	2,00	GBP
DAVID CLULOW OXFORD LIMITED (**)	LONDON	LUXOTTICA RETAIL UK LTD	50,00	50,00	2,00	GBP
DAVID CLULOW RICHMOND LIMITED	LONDON	LUXOTTICA RETAIL UK LTD	100,00	100,00	2,00	GBP
DAVID CLULOW WIMBLEDON LIMITED (**)	LONDON	LUXOTTICA RETAIL UK LTD	50,00	50,00	2,00	GBP
DEVLYN OPTICAL LLC (**)	HOUSTON	LUXOTTICA RETAIL NORTH AMERICA INC	30,00	30,00	100,00	USD
ENTERPRISES OF LENSCRAFTERS LLC	MARION-OHIO	LUXOTTICA RETAIL NORTH AMERICA INC	100,00	100,00	1.000,00	USD
EYE SAFETY SYSTEMS INC	DOVER-DELAWARE	OAKLEY INC	100,00	100,00	1,00	USD
EYEBIZ LABORATORIES PTY LIMITED (**)	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	30,00	30,00	10.000.005,00	AUD
EYEMED INSURANCE COMPANY	PHOENIX-ARIZONA	LUXOTTICA US HOLDINGS CORP	100,00	100,00	250.000,00	USD

Subsidiaries	Registered office	Holding	% Ownership	% Group/ Owned	Capital Stock	Capital Stock currency
EYEMED VISION CARE HMO OF TEXAS INC	HOUSTON-TEXAS	THE UNITED STATES SHOE CORPORATION	100,00	100,00	1.000,00	USD
EYEMED VISION CARE IPA LLC	NEW YORK-NEW YORK	EYEMED VISION CARE LLC	100,00	100,00	1,00	USD
EYEMED VISION CARE LLC	DOVER-DELAWARE	LUXOTTICA RETAIL NORTH AMERICA INC	100,00	100,00	1,00	USD
EYEMED/ LCA - VISION LLC (**)	RENO-NEVADA	EYEMED VISION CARE LLC	50,00	50,00	2,00	USD
EYEXAM OF CALIFORNIA INC	IRVINE-CALIFORNIA	THE UNITED STATES SHOE CORPORATION	100,00	100,00	10,00	USD
FIRST AMERICAN ADMINISTRATORS INC	PHOENIX-ARIZONA	EYEMED VISION CARE LLC	100,00	100,00	1.000,00	USD
GIBB AND BEEMAN PTY LIMITED	MACQUARIE PARK-NSW	OPSM GROUP PTY LIMITED	100,00	100,00	399.219,00	AUD
GUANGZHOU MING LONG OPTICAL TECHNOLOGY CO LTD	GUANGZHOU CITY	LUXOTTICA (CHINA) INVESTMENT CO LTD	100,00	100,00	360.500.000,00	CNR
JUST SPECTACLES (FRANCHISOR) PTY LTD	MACQUARIE PARK-NSW	OF PTY LTD	100,00	100,00	200,00	AUD
JUST SPECTACLES PTY LTD	MACQUARIE PARK - NSW	OF PTY LTD	100,00	100,00	2.000,00	AUD
LAUBMAN AND PANK PTY LTD	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100,00	100,00	2.370.448,00	AUD
LENSCRAFTERS INTERNATIONAL INC	MARION-OHIO	THE UNITED STATES SHOE CORPORATION	100,00	100,00	500,00	USD
LEONARDO OPTICAL CORP	CLEVELAND-OHIO	LUXOTTICA US HOLDINGS CORP	100,00	100,00	100,00	USD
LRE LLC	MARION-OHIO	LUXOTTICA RETAIL NORTH AMERICA INC	100,00	100,00	1,00	USD
LUNETTES BERLIN GMBH	BERLIN	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	25.000,00	EUR
LUNETTES HONG KONG LIMITED	HONG KONG	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	10.000,00	HKD
LUNETTES TAIPEI LTD	TAIPEI	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	5.000.000,00	TWD
LUXOTTICA (CHINA) INVESTMENT CO LTD	SHANGHAI	LUXOTTICA TRADING AND FINANCE LIMITED	100,00	100,00	934.458.960,05	CNR
LUXOTTICA (SHANGHAI) TRADING CO LTD	SHANGHAI	LUXOTTICA HOLLAND BV	100,00	100,00	1.000.000,00	EUR
LUXOTTICA (SWITZERLAND) AG	ZURIGO	LUXOTTICA GROUP SPA	100,00	100,00	100.000,00	CHF
LUXOTTICA ARGENTINA SRL	BUENOS AIRES	LUXOTTICA GROUP SPA	94,00	100,00	700.000,00	ARS
LUXOTTICA ARGENTINA SRL	BUENOS AIRES	LUXOTTICA SRL	6,00	100,00	700.000,00	ARS
LUXOTTICA AUSTRALIA PTY LTD	MACQUARIE PARK-NSW	OPSM GROUP PTY LIMITED	100,00	100,00	1.715.000,00	AUD
LUXOTTICA BELGIUM NV	BERCHEM	LUXOTTICA GROUP SPA	99,00	100,00	62.000,00	EUR
LUXOTTICA BELGIUM NV	BERCHEM	LUXOTTICA SRL	1,00	100,00	62.000,00	EUR
LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	SAN PAOLO	OAKLEY CANADA INC	42,01	100,00	588.457.587,00	BRL
LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	SAN PAOLO	LUXOTTICA GROUP SPA	57,99	100,00	588.457.587,00	BRL
LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	SAN PAOLO	LUXOTTICA SRL	0,00	100,00	588.457.587,00	BRL
LUXOTTICA CANADA INC	TORONTO-ONTARIO	LUXOTTICA GROUP SPA	100,00	100,00	200,00	CAD
LUXOTTICA CENTRAL EUROPE KFT	BUDAPEST	LUXOTTICA HOLLAND BV	100,00	100,00	3.000.000,00	HUF
LUXOTTICA COMMERCIAL SERVICE (DONGGUAN) CO LTD	DONGGUAN CITY, GUANGDONG	LUXOTTICA TRADING AND FINANCE LIMITED	100,00	100,00	3.000.000,00	CNR

Subsidiaries	Registered office	Holding	% Ownership	% Group/ Owned	Capital Stock	Capital Stock currency
LUXOTTICA EXTRA LIMITED	DUBLINO 2	LUXOTTICA TRADING AND FINANCE LIMITED	100,00	100,00	1,00	EUR
LUXOTTICA FASHION BRILLEN VERTRIEBS GMBH	GRASBRUNN	LUXOTTICA GROUP SPA	100,00	100,00	230.081,35	EUR
LUXOTTICA FRAMES SERVICE SA DE CV	CITTA' DEL MESSICO	LUXOTTICA GROUP SPA	0,02	100,00	2.350.000,00	MXN
LUXOTTICA FRAMES SERVICE SA DE CV	CITTA' DEL MESSICO	LUXOTTICA MEXICO SA DE CV	99,98	100,00	2.350.000,00	MXN
LUXOTTICA FRANCE SAS	VALBONNE	LUXOTTICA GROUP SPA	100,00	100,00	534.000,00	EUR
LUXOTTICA FRANCHISING AUSTRALIA PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100,00	100,00	2,00	AUD
LUXOTTICA FRANCHISING CANADA INC	MISSISSAUGA-ONTARIO	LUXOTTICA NORTH AMERICA DISTRIBUTION LLC	100,00	100,00	1.000,00	CAD
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	LUXOTTICA HOLLAND BV	0,00	100,00	10.390.459,89	LTL
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	LUXOTTICA LEASING SRL	0,00	100,00	10.390.459,89	LTL
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	LUXOTTICA SRL	0,00	100,00	10.390.459,89	LTL
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	LUXOTTICA GROUP SPA	64,84	100,00	10.390.459,89	LTL
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	CIGLI-IZMIR	SUNGLASS HUT NETHERLANDS BV	35,16	100,00	10.390.459,89	LTL
LUXOTTICA HELLAS AE	PALLINI	LUXOTTICA GROUP SPA	70,00	70,00	1.752.900,00	EUR
LUXOTTICA HOLLAND BV	AMSTERDAM	LUXOTTICA GROUP SPA	100,00	100,00	45.000,00	EUR
LUXOTTICA HONG KONG WHOLESALE LIMITED	HONG KONG-HONG KONG	LUXOTTICA TRADING AND FINANCE LIMITED	100,00	100,00	10.000.000,00	HKD
LUXOTTICA IBERICA SA	BARCELLONA	LUXOTTICA GROUP SPA	100,00	100,00	1.382.901,00	EUR
LUXOTTICA INDIA EYEWEAR PRIVATE LIMITED	GURGAON-HARYANA	LUXOTTICA LEASING SRL	0,00	100,00	787.400,00	RUP
LUXOTTICA INDIA EYEWEAR PRIVATE LIMITED	GURGAON-HARYANA	LUXOTTICA HOLLAND BV	100,00	100,00	787.400,00	RUP
LUXOTTICA ITALIA SRL	AGORDO	LUXOTTICA GROUP SPA	100,00	100,00	5.000.000,00	EUR
LUXOTTICA KOREA LTD	SEOUL	LUXOTTICA GROUP SPA	100,00	100,00	120.000.000,00	KRW
LUXOTTICA LEASING SRL	AGORDO	LUXOTTICA GROUP SPA	100,00	100,00	36.000.000,00	EUR
LUXOTTICA MEXICO SA DE CV	CITTA' DEL MESSICO	LUXOTTICA GROUP SPA	96,00	100,00	342.000.000,00	MXN
LUXOTTICA MEXICO SA DE CV	CITTA' DEL MESSICO	LUXOTTICA SRL	4,00	100,00	342.000.000,00	MXN
LUXOTTICA MIDDLE EAST FZE	DUBAI	LUXOTTICA GROUP SPA	100,00	100,00	1.000.000,00	AED
LUXOTTICA NEDERLAND BV	HEEMSTEDE	LUXOTTICA GROUP SPA	51,00	51,00	453.780,22	EUR
LUXOTTICA NORDIC AB	STOCKHOLM	LUXOTTICA GROUP SPA	100,00	100,00	250.000,00	SEK
LUXOTTICA NORGE AS	KONGSBERG	LUXOTTICA GROUP SPA	100,00	100,00	100.000,00	NOK
LUXOTTICA NORTH AMERICA DISTRIBUTION LLC	DOVER-DELAWARE	LUXOTTICA USA LLC	100,00	100,00	1,00	USD
LUXOTTICA OPTICS LTD	TEL AVIV	LUXOTTICA GROUP SPA	100,00	100,00	43,50	ILS
LUXOTTICA POLAND SP ZOO	CRACOVIA	LUXOTTICA GROUP SPA	25,00	100,00	390.000,00	PLN
LUXOTTICA POLAND SP ZOO	CRACOVIA	LUXOTTICA HOLLAND BV	75,00	100,00	390.000,00	PLN

Subsidiaries	Registered office	Holding	% Ownership	% Group/ Owned	Capital Stock	Capital Stock currency
LUXOTTICA PORTUGAL-COMERCIO DE OPTICA SA	LISBONA	LUXOTTICA GROUP SPA	99,79	100,00	700.000,00	EUR
LUXOTTICA PORTUGAL-COMERCIO DE OPTICA SA	LISBONA	LUXOTTICA SRL	0,21	100,00	700.000,00	EUR
LUXOTTICA RETAIL AUSTRALIA PTY LTD	MACQUARIE PARK-NSW	OPSM GROUP PTY LIMITED	100,00	100,00	307.796,00	AUD
LUXOTTICA RETAIL CANADA INC	TORONTO-ONTARIO	THE UNITED STATES SHOE CORPORATION	43,82	100,00	12.671,00	CAD
LUXOTTICA RETAIL CANADA INC	TORONTO-ONTARIO	LUXOTTICA RETAIL NORTH AMERICA INC	3,27	100,00	12.671,00	CAD
LUXOTTICA RETAIL CANADA INC	TORONTO-ONTARIO	LENSCRAFTERS INTERNATIONAL INC	52,91	100,00	12.671,00	CAD
LUXOTTICA RETAIL FRANCHISING AUSTRALIA PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100,00	100,00	2,00	AUD
LUXOTTICA RETAIL HONG KONG LIMITED	HONG KONG-HONG KONG	PROTECTOR SAFETY INDUSTRIES PTY LTD	100,00	100,00	149.127.000,00	HKD
LUXOTTICA RETAIL NEW ZEALAND LIMITED	AUCKLAND	PROTECTOR SAFETY INDUSTRIES PTY LTD	100,00	100,00	58.200.100,00	NZD
LUXOTTICA RETAIL NORTH AMERICA INC	MARION-OHIO	THE UNITED STATES SHOE CORPORATION	100,00	100,00	1,00	USD
LUXOTTICA RETAIL UK LTD	ST ALBANS-HERTFORDSHIRE	SUNGLASS HUT TRADING LLC	0,86	100,00	24.410.765,00	GBP
LUXOTTICA RETAIL UK LTD	ST ALBANS-HERTFORDSHIRE	SUNGLASS HUT OF FLORIDA INC	31,14	100,00	24.410.765,00	GBP
LUXOTTICA RETAIL UK LTD	ST ALBANS-HERTFORDSHIRE	LUXOTTICA GROUP SPA	68,00	100,00	24.410.765,00	GBP
LUXOTTICA RUS LLC	MOSCOW	SUNGLASS HUT NETHERLANDS BV	99,00	100,00	123.000.000,00	RUB
LUXOTTICA RUS LLC	MOSCOW	LUXOTTICA HOLLAND BV	1,00	100,00	123.000.000,00	RUB
LUXOTTICA SOUTH AFRICA PTY LTD	CAPE TOWN - OBSERVATORY	LUXOTTICA GROUP SPA	100,00	100,00	2.200,02	ZAR
LUXOTTICA SOUTH EAST ASIA PTE LTD	SINGAPORE	LUXOTTICA HOLLAND BV	100,00	100,00	1.360.000,00	SGD
LUXOTTICA SOUTH EASTERN EUROPE LTD	NOVIGRAD	LUXOTTICA HOLLAND BV	100,00	100,00	1.000.000,00	HRK
LUXOTTICA SOUTH PACIFIC HOLDINGS PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA GROUP SPA	100,00	100,00	232.797.001,00	AUD
LUXOTTICA SOUTH PACIFIC PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA SOUTH PACIFIC HOLDINGS PTY LIMITED	100,00	100,00	460.000.001,00	AUD
LUXOTTICA SRL	AGORDO	LUXOTTICA GROUP SPA	100,00	100,00	10.000.000,00	EUR
LUXOTTICA SUN CORPORATION	DOVER-DELAWARE	LUXOTTICA US HOLDINGS CORP	100,00	100,00	1,00	USD
LUXOTTICA TRADING AND FINANCE LIMITED	DUBLINO	LUXOTTICA GROUP SPA	100,00	100,00	626.543.403,00	EUR
LUXOTTICA TRISTAR (DONGGUAN) OPTICAL CO LTD	DON GUAN CITY	LUXOTTICA HOLLAND BV	100,00	100,00	96.000.000,00	USD
LUXOTTICA UK LTD	S. ALBANS-HERTFORDSHIRE	LUXOTTICA GROUP SPA	100,00	100,00	90.000,00	GBP
LUXOTTICA US HOLDINGS CORP	DOVER-DELAWARE	LUXOTTICA GROUP SPA	100,00	100,00	100,00	USD
LUXOTTICA USA LLC	NEW YORK-NY	ARNETTE OPTIC ILLUSIONS INC	100,00	100,00	1,00	USD
LUXOTTICA VERTRIEBSGESELLSCHAFT MBH	VIENNA	LUXOTTICA GROUP SPA	100,00	100,00	508.710,00	EUR
LUXOTTICA WHOLESALE (THAILAND) LTD	BANKOK	LUXOTTICA SRL	0,00	100,00	100.000.000,00	THB
LUXOTTICA WHOLESALE (THAILAND) LTD	BANKOK	LUXOTTICA GROUP SPA	100,00	100,00	100.000.000,00	THB
LUXOTTICA WHOLESALE (THAILAND) LTD	BANKOK	LUXOTTICA HOLLAND BV	0,00	100,00	100.000.000,00	THB

Subsidiaries	Registered office	Holding	% Ownership	% Group/ Owned	Capital Stock	Capital Stock currency
LVD SOURCING LLC	DOVER-DELAWARE	LUXOTTICA NORTH AMERICA DISTRIBUTION LLC	51,00	51,00	5.000,00	USD
MDD OPTIC DIFFUSION GMBH	MUNICH	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	25.000,00	EUR
MDE DIFUSION OPTIQUE SL	BARCELONA	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	4.000,00	EUR
MDI DIFFUSIONE OTTICA SRL	AGORDO	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	10.000,00	EUR
MIKLI (HONG KONG) LIMITED	HONG KONG	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	1.000.000,00	HKD
MIKLI ASIA LIMITED	HONG KONG	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	10.000,00	HKD
MIKLI CHINA LTD	SHANGHAI	MIKLI ASIA LIMITED	100,00	100,00	1.000.000,00	CNR
MIKLI DIFFUSION FRANCE SAS	PARIS	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	1.541.471,20	EUR
MIKLI JAPON KK	TOKYO	ALAIN MIKLI INTERNATIONAL SAS	100,00	100,00	85.800.000,00	JPY
MIKLI MANAGEMENT SERVICES LIMITED	HONG KONG	MIKLI ASIA LIMITED	100,00	100,00	1.000.000,00	HKD
MIKLI TAIWAN LTD	TAIPEI	MIKLI ASIA LIMITED	100,00	100,00	5.000.000,00	TWD
MIRARI JAPAN CO LTD	TOKYO	LUXOTTICA GROUP SPA	15,83	100,00	473.700.000,00	JPY
MIRARI JAPAN CO LTD	TOKYO	LUXOTTICA HOLLAND BV	84,17	100,00	473.700.000,00	JPY
MKL MACAU LIMITED	MACAU	ALAIN MIKLI INTERNATIONAL SAS	99,00	100,00	100.000,00	MOP
MKL MACAU LIMITED	MACAU	LUXOTTICA GROUP SPA	1,00	100,00	100.000,00	MOP
MY-OP (NY) LLC	DOVER-DELAWARE	OLIVER PEOPLES INC	100,00	100,00	1,00	USD
OAKLEY (SCHWEIZ) GMBH	ZURIGO	OAKLEY INC	100,00	100,00	20.000,00	CHF
OAKLEY AIR JV	CHICAGO-ILLINOIS	OAKLEY SALES CORP	70,00	70,00	1,00	USD
OAKLEY CANADA INC	SAINT LAUREN-QUEBEC	OAKLEY INC	100,00	100,00	10.107.907,00	CAD
OAKLEY EDC INC	TUMWATER-WASHINGTON	OAKLEY INC	100,00	100,00	1.000,00	USD
OAKLEY EUROPE SNC	ANNECY	OAKLEY HOLDING SAS	100,00	100,00	25.157.390,20	EUR
OAKLEY GMBH	MONACO	OAKLEY INC	100,00	100,00	25.000,00	EUR
OAKLEY HOLDING SAS	ANNECY	OAKLEY INC	100,00	100,00	6.129.050,00	EUR
OAKLEY ICON LIMITED	DUBLIN 2	LUXOTTICA TRADING AND FINANCE LIMITED	100,00	100,00	1,00	EUR
OAKLEY INC	TUMWATER-WASHINGTON	LUXOTTICA US HOLDINGS CORP	100,00	100,00	10,00	USD
OAKLEY IRELAND OPTICAL LIMITED	DUBLIN 2	OAKLEY INC	100,00	100,00	225.000,00	EUR
OAKLEY JAPAN KK	TOKYO	OAKLEY INC	100,00	100,00	10.000.000,00	JPY
OAKLEY SALES CORP	TUMWATER-WASHINGTON	OAKLEY INC	100,00	100,00	1.000,00	USD
OAKLEY SCANDINAVIA AB	STOCKHOLM	OAKLEY ICON LIMITED	100,00	100,00	100.000,00	SEK
OAKLEY SOUTH PACIFIC PTY LTD	VICTORIA-MELBOURNE	OPSM GROUP PTY LIMITED	100,00	100,00	12,00	AUD
OAKLEY SPAIN SL	BARCELLONA	OAKLEY ICON LIMITED	100,00	100,00	3.100,00	EUR
OAKLEY UK LTD	ST ALBANS-HERTFORDSHIRE	OAKLEY INC	100,00	100,00	1.000,00	GBP
OF PTY LTD	MACQUARIE PARK-NEW SOUTH WALES	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100,00	100,00	35.785.000,00	AUD
OLIVER PEOPLES INC	IRVINE-CALIFORNIA	OAKLEY INC	100,00	100,00	1,00	USD

Subsidiaries	Registered office	Holding	% Ownership	% Group/ Owned	Capital Stock	Capital Stock currency
OPSM GROUP PTY LIMITED	MACQUARIE PARK-NSW	LUXOTTICA SOUTH PACIFIC PTY LIMITED	100,00	100,00	67.613.043,50	AUD
OPTICAL PROCUREMENT SERVICES LLC	DOVER	LUXOTTICA RETAIL NORTH AMERICA INC	100,00	100,00	100,00	USD
OPTICAS GMO CHILE SA	COMUNA DE HUECHURABA	LUXOTTICA GROUP SPA	0,00	100,00	4.129.182,00	CLP
OPTICAS GMO CHILE SA	COMUNA DE HUECHURABA	SUNGLASS HUT IBERIA S.L.	100,00	100,00	4.129.182,00	CLP
OPTICAS GMO COLOMBIA SAS	BOGOTA'	SUNGLASS HUT IBERIA S.L.	100,00	100,00	14.813.033.000,00	COP
OPTICAS GMO ECUADOR SA	GUAYAQUIL	OPTICAS GMO PERU SAC	0,00	100,00	8.000.000,00	USD
OPTICAS GMO ECUADOR SA	GUAYAQUIL	SUNGLASS HUT IBERIA S.L.	100,00	100,00	8.000.000,00	USD
OPTICAS GMO PERU SAC	LIMA	SUNGLASS HUT IBERIA S.L.	100,00	100,00	11.201.141,00	PEN
OPTICAS GMO PERU SAC	LIMA	OPTICAS GMO ECUADOR SA	0,00	100,00	11.201.141,00	PEN
OPTIKA HOLDINGS LIMITED	ST ALBANS-HERTFORDSHIRE	LUXOTTICA RETAIL UK LTD	100,00	100,00	699.900,00	GBP
OPTIKA LIMITED	ST ALBANS-HERTFORDSHIRE	LUXOTTICA RETAIL UK LTD	100,00	100,00	2,00	GBP
OY LUXOTTICA FINLAND AB	ESPOO	LUXOTTICA GROUP SPA	100,00	100,00	170.000,00	EUR
PROTECTOR SAFETY INDUSTRIES PTY LTD	MACQUARIE PARK-NSW	OPSM GROUP PTY LIMITED	100,00	100,00	2.486.250,00	AUD
RAY BAN SUN OPTICS INDIA LIMITED	BHIWADI	THE UNITED STATES SHOE CORPORATION	0,00	100,00	228.372.710,00	RUP
RAY BAN SUN OPTICS INDIA LIMITED	BHIWADI	LUXOTTICA TRADING AND FINANCE LIMITED	0,00	100,00	228.372.710,00	RUP
RAY BAN SUN OPTICS INDIA LIMITED	BHIWADI	ARNETTE OPTIC ILLUSIONS INC	0,00	100,00	228.372.710,00	RUP
RAY BAN SUN OPTICS INDIA LIMITED	BHIWADI	LUXOTTICA US HOLDINGS CORP	100,00	100,00	228.372.710,00	RUP
RAY BAN SUN OPTICS INDIA LIMITED	BHIWADI	LUXOTTICA HOLLAND BV	0,00	100,00	228.372.710,00	RUP
RAY BAN SUN OPTICS INDIA LIMITED	BHIWADI	LUXOTTICA SUN CORPORATION	0,00	100,00	228.372.710,00	RUP
RAY BAN SUN OPTICS INDIA LIMITED	BHIWADI	SUNGLASS HUT TRADING LLC	0,00	100,00	228.372.710,00	RUP
RAYBAN AIR	AGORDO	LUXOTTICA SRL	36,96	100,00	8.210.624,62	EUR
RAYBAN AIR	AGORDO	LUXOTTICA GROUP SPA	63,04	100,00	8.210.624,62	EUR
RAYS HOUSTON	MASON-OHIO	SUNGLASS HUT TRADING LLC	51,00	51,00	1,00	USD
SALMOIRAGHI & VIGANO' SPA (**)	MILANO	LUXOTTICA GROUP SPA	36,33	36,33	11.919.861,00	EUR
SGH BRASIL COMERCIO DE OCULOS LTDA	SAN PAOLO	LUXOTTICA TRADING AND FINANCE LIMITED	0,01	100,00	61.720.000,00	BRL
SGH BRASIL COMERCIO DE OCULOS LTDA	SAN PAOLO	LUXOTTICA GROUP SPA	99,99	100,00	61.720.000,00	BRL
SGH OPTICS MALAYSIA SDN BHD	KUALA LAMPUR	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100,00	100,00	3.000.002,00	MYR
SPV ZETA OPTICAL COMMERCIAL AND TRADING (SHANGHAI) CO LTD	SHANGHAI	LUXOTTICA (CHINA) INVESTMENT CO LTD	100,00	100,00	137.734.713,00	USD
SPV ZETA Optical Trading (Beijing) Co Ltd	BEIJING	LUXOTTICA (CHINA) INVESTMENT CO LTD	100,00	100,00	549.231.000,00	CNR
SUNGLASS DIRECT GERMANY GMBH	GRASBRUNN	LUXOTTICA GROUP SPA	100,00	100,00	200.000,00	EUR
SUNGLASS DIRECT ITALY SRL	MILANO	LUXOTTICA GROUP SPA	100,00	100,00	200.000,00	EUR
SUNGLASS FRAMES SERVICE SA DE CV	CITTA' DEL MESSICO	LUXOTTICA GROUP SPA	0,02	72,52	2.350.000,00	MXN

Subsidiaries	Registered office	Holding	% Ownership	% Group/ Owned	Capital Stock	Capital Stock currency
SUNGLASS FRAMES SERVICE SA DE CV	CITTA' DEL MESSICO	SUNGLASS HUT DE MEXICO SAPI DE CV	99,98	72,52	2.350.000,00	MXN
SUNGLASS HUT (South East Asia) PTE LTD	SINGAPORE	LUXOTTICA HOLLAND BV	100,00	100,00	10.100.000,00	SGD
SUNGLASS HUT AIRPORTS SOUTH AFRICA (PTY) LTD *	CAPE TOWN - OBSERVATORY	SUNGLASS HUT RETAIL SOUTH AFRICA (PTY) LTD	45,00	45,00	1.000,00	ZAR
SUNGLASS HUT AUSTRALIA PTY LIMITED	MACQUARIE PARK-NSW	OPSM GROUP PTY LIMITED	100,00	100,00	46.251.012,00	AUD
SUNGLASS HUT DE MEXICO SAPI DE CV	CITTA DEL MESSICO	LUXOTTICA GROUP SPA	72,52	72,52	315.770,00	MXN
SUNGLASS HUT DE MEXICO SAPI DE CV	CITTA DEL MESSICO	LUXOTTICA TRADING AND FINANCE LIMITED	0,00	72,52	315.770,00	MXN
SUNGLASS HUT HONG KONG LIMITED	HONG KONG-HONG KONG	PROTECTOR SAFETY INDUSTRIES PTY LTD	100,00	100,00	115.000.002,00	HKD
SUNGLASS HUT HONG KONG LIMITED	HONG KONG-HONG KONG	OPSM GROUP PTY LIMITED	0,00	100,00	115.000.002,00	HKD
SUNGLASS HUT IBERIA S.L.	BARCELONA	LUXOTTICA GROUP SPA	100,00	100,00	8.147.795,20	EUR
SUNGLASS HUT IRELAND LIMITED	DUBLINO	LUXOTTICA RETAIL UK LTD	100,00	100,00	250,00	EUR
SUNGLASS HUT NETHERLANDS BV	AMSTERDAM	LUXOTTICA GROUP SPA	100,00	100,00	18.151,20	EUR
SUNGLASS HUT OF FLORIDA INC	WESTON-FLORIDA	LUXOTTICA US HOLDINGS CORP	100,00	100,00	10,00	USD
SUNGLASS HUT PORTUGAL S.A.	LISBONA	LUXOTTICA GROUP SPA	47,92	100,00	3.043.129,00	EUR
SUNGLASS HUT PORTUGAL S.A.	LISBONA	SUNGLASS HUT IBERIA S.L.	52,08	100,00	3.043.129,00	EUR
SUNGLASS HUT RETAIL NAMIBIA (PTY) LTD	WINDHOEK	SUNGLASS HUT RETAIL SOUTH AFRICA (PTY) LTD	100,00	100,00	100,00	NAD
SUNGLASS HUT RETAIL SOUTH AFRICA (PTY) LTD	CAPE TOWN - OBSERVATORY	LUXOTTICA SOUTH AFRICA PTY LTD	100,00	100,00	900,00	ZAR
SUNGLASS HUT TRADING LLC	DOVER-DELAWARE	LUXOTTICA US HOLDINGS CORP	100,00	100,00	1,00	USD
SUNGLASS HUT TURKEY GOZLUK TICARET ANONIM SIRKETI	CIGLI-IZMIR	LUXOTTICA TRADING AND FINANCE LIMITED	100,00	100,00	13.000.000,00	LTL
SUNGLASS TIME (EUROPE) LIMITED	ST ALBANS-HERTFORDSHIRE	LUXOTTICA RETAIL UK LTD	100,00	100,00	10.000,00	GBP
SUNGLASS WORLD HOLDINGS PTY LIMITED	MACQUARIE PARK-NSW	SUNGLASS HUT AUSTRALIA PTY LIMITED	100,00	100,00	13.309.475,00	AUD
THE OPTICAL SHOP OF ASPEN INC	IRVINE-CALIFORNIA	OAKLEY INC	100,00	100,00	1,00	USD
THE UNITED STATES SHOE CORPORATION	DOVER-DELAWARE	LUXOTTICA USA LLC	100,00	100,00	1,00	USD
WAS BE RETAIL PTY LTD	MACQUARIE PARK-NSW	LUXOTTICA RETAIL AUSTRALIA PTY LTD	100,00	100,00	110,00	AUD

SCHEDULE 3

Exchange Rates Applied To Translation Of Financial Statements Not Expressed In Euro

	Average exchange rate as of December 31, 2013	Final exchange rate as of December 31, 2013	Average exchange rate as of December 31, 2012	Final exchange rate as of December 31, 2012
Argentine Peso	7,2718	8,9891	5,8403	6,4864
Australian Dollar	1,3766	1,5423	1,2407	1,2712
Brazilian Real	2,8662	3,2576	2,5084	2,7036
Canadian Dollar	1,3679	1,4671	1,2842	1,3137
Chilean Peso	657,9055	724,7690	624,7870	631,7290
Chinese Renminbi	8,1630	8,3491	8,1052	8,2207
Colombian Peso	2.482,2448	2.664,4199	2.309,5708	2.331,2300
Croatian Kuna	7,5787	7,6265	7,5217	7,5575
Great Britain Pound	0,8492	0,8337	0,8109	0,8161
Hong Kong Dollar	10,2988	10,6933	9,9663	10,2260
Hungarian Forint	296,9317	297,0400	289,2494	292,3000
Indian Rupee	77,8649	85,3660	68,5973	72,5600
Israeli Shekel	4,7938	4,7880	4,9536	4,9258
Japanese Yen	129,5942	144,7200	102,4919	113,6100
Malaysian Ringgit	4,1838	4,5221	3,9672	4,0347
Mexican Peso	16,9551	18,0731	16,9029	17,1845
Namibian Dollar	12,8251	14,5660	10,5511	11,1727
New Zealand Dollar	1,6199	1,6762	1,5867	1,6045
Norwegian Krona	7,8044	8,3630	7,4751	7,3483
Peruvian Nuevo Sol	3,5896	3,8586	3,3901	3,3678
Polish Zloty	4,1974	4,1543	4,1847	4,0740
Russian Ruble	43,8514	45,3246	N/A	N/A
Singapore Dollar	1,6613	1,7414	1,6055	1,6111
South African Rand	12,8251	14,5660	10,5511	11,1727
South Korean Won	1.453,6873	1.450,9301	1.447,6913	1.406,2300
Swedish Krona	8,6492	8,8591	8,7041	8,5820
Swiss Franc	1,2310	1,2276	1,2053	1,2072
Taiwan Dollar	39,4168	41,1400	37,9965	38,3262
Thai Baht	40,8032	45,1780	39,9276	40,3470
Turkish Lira	2,5319	2,9605	2,3135	2,3551
U.S. Dollar	1,3277	1,3791	1,2848	1,3194
United Arab Emirates Dirham	4,8768	5,0654	4,7190	4,8462

DELFIN S.à r.l.
7, rue de la Chapelle
L-1325 Luxembourg
Share capital Euro 682.960.000
R.C.S. Luxembourg: B117.420

2013 CONSOLIDATED REPORT ON OPERATIONS

Dear Partners of Delfin S.à r.l.,

We submit the consolidated financial statements of the Delfin S.à r.l. Group at 31 December 2013 for your examination.

GROUP PROFILE

The Group's result largely reflects the activities of the Group's operating companies in the spectacles business and the financial activities of its parent company.

OPERATING PERFORMANCE AND SIGNIFICANT EVENTS IN 2013

Delfin S.à r.l. and its financial subsidiaries, did not operate commercial or production activities during 2013. The principal object of the parent company and its subsidiaries was the simple ownership of equity investments and operation of financial activities on their own behalf. These holding companies own and manage strategic and non-strategic investments and manage liquidity. Just as in previous years, almost all of the parent company's revenues are generated by financial income, consisting principally of dividends paid by the subsidiaries and associated companies.

In 2013, the company carried out a number of important financial transactions.

Specifically, Delfin S.à r.l.:

- engaged in trades of certain equity investments that it owned, by buying or selling shares on the market;
- engaged in trading of certain financial instruments that it owned;
- increased its equity investment in Foncière des Régions (FDR) in several increments;
- played an important role in the drafting the new governance of FDR;
- increased and renewed some of its own loans received from Luxembourg banks;
- increased its equity investment in Unicredit Group;
- sale and purchase shares of Luxottica Group.

RESULTS OF THE DELFIN S.à r.l. GROUP

The 2013 consolidated financial statements closed with a profit for the Group of Euro 405.028 thousand, compared to a profit of Euro 201.805 thousand in 2012. Operating income was Euro 1.048 million, against Euro 963 million in 2012.

Excluding the eyewear sector, the Group's activity during the year concentrated on managing the liquid assets generated over the previous financial years and investment thereof.

The majority of financial income was represented by dividends, interest income and the capital gains realised by the parent company, from which must be subtracted the costs, capital losses and interest expenses of the Luxottica Group and its parent company. The account "Income and expenses from associates" largely reflects the impairment of the equity investment held in the company Foncière des Regions, which was consolidated according to the equity method.

The Group's tax burden for the year increased in 2012, from Euro 312 million to Euro 419 million in 2013.

ANALYSIS OF RELEVANT PARTICIPATIONS

At the end of the financial year, the company directly owned 293.048.525 shares of Luxottica Group S.p.A., equivalent to 61,902% of the share capital. Luxottica is fully consolidated in Delfin.

Luxottica is a global leader in the design, manufacture and distribution of fashion, luxury, sport and performance eyewear.

Thanks to the strong growth enjoyed throughout 2013, total net sales reached a record Euro 7,3 billion, net income increased to more than Euro 544 million (part of group 61,902%), headcount approximated 70.000 employees and the Company enjoyed a strong global presence.

Founded in 1961 by Leonardo Del Vecchio, the Group is now a vertically integrated organization whose manufacturing of prescription frames, sunglasses and lenses is backed by a wide-reaching wholesale and retail distribution network comprising 6.417 retail locations, as of 31 December 2013 , mostly in North America, Asia-Pacific and China.

Product design, development and manufacturing take place in six production facilities in Italy, two wholly owned factories in China and two sports sunglasses production facilities in the United States. Luxottica also has a small plant in India serving the local market.

The design and quality of our products and the strong and well-balanced brand portfolio are known around the world.

House brands include Ray-Ban, one of the world's best-known sun brands, Oakley, Vogue, Persol, Oliver Peoples, Arnette and REVO, and the license brands include Bvlgari, Burberry, Chanel, Dolce & Gabbana, Donna Karan, Polo Ralph Lauren, Paul Smith, Prada, Stella McCartney, Tiffany, Tory Burch, Versace, Coach and starting from 2013 Armani.

The Luxottica's wholesale distribution network, covering 130 countries across five continents, has 18 distribution centers and over 40 commercial subsidiaries providing direct operations in key markets. The Group is currently seeking to penetrate emerging markets and is exploring new channels of distribution such as department stores, airports and railway stations.

Direct wholesale operations are complemented by an extensive retail network. Luxottica is a leader in the prescription business in North America with its LensCrafters and Pearle Vision retail brands, in Asia-Pacific with OPSM, Laubman & Pank and Budget Eyewear, and in China with LensCrafters. In the retail sun business, the Group operates approximately 2.480 retail locations in North America, Asia-Pacific, South Africa, Europe and the Middle East, mainly through the Sunglass Hut brand.

In North America, Luxottica operates the points of sale for its licensed brands, with over 1.140 stores under the Sears Optical and Target Optical brands. In addition, Luxottica is one of the largest Managed Vision Care operators in the United States, through EyeMed, and the second biggest lens finisher, having a network of five central laboratories and over 900 on-site labs at LensCrafters stores.

The Oakley brand provides a powerful wholesale and retail ("O stores") presence in both the performance optics and the sport channels. In the O store locations, the Group offers a variety of Oakley-branded products in addition to the Oakley sunglass styles. Oakley-branded products include men's and women's apparel, footwear, backpacks and accessories designed for surf, snow, golf, outdoor, motor sport, mountain bike and other athletic lifestyles.

The company owns at the end of 2013 a relevant stake, 27,63%, in the French real estate company Foncière des Régions (FDR) that is consolidated with the equity method.

Foncière des Régions (FDR), based in France, is today the leading office property company in Europe. A specialist in "key account"partnerships and long leases, it currently has assets of Euro 10 billion leased to large companies, including France Télécom, Thalès, Accor, EDF, Dassault Systèmes, Suez Environnement, IBM, Telecom Italia and Tecnimont. Its recognised expertise has enabled Foncière des Régions to develop long-term real estate and financial partnerships and grow as a key player in the real estate sector.

It has also successfully launched its business model in other sectors of activity such as business premises (through Foncière des Murs (FDM, listed in Paris)) and in the residential sector as main shareholder in Foncière Développement Logements (FDL, listed in Paris).

FDR's Figures as at 31 December 2013:

Euro 10 billion in assets (Group share)

Euro 502 million in rental income (Group share)

290 employees

NAV Euro 77,7

LTV 45,2%

Breakdown of portfolio by type of assets 63% offices, 19% residential, 9% service sector

Breakdown of portfolio by country 62% France, 21% in Italy, 16% Germany

Firm residual lease term 5,7 years

Occupancy rate 96%

Its partnership culture and long-term vision made Foncière des Régions enthusiastic about committing to an ambitious approach to sustainable development, where the environmental aspect takes pride of place and supplements social and corporate actions.

Foncière des Régions has a consistent global strategy suited to the direct and indirect issues and impact associated with its real estate activity.

TREASURY STOCK

Delfin S.à r.l. does not own treasury stock.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR AND BUSINESS OUTLOOK

January

On 20 January 2014 the Group received an upgrade of its long-term credit rating from BBB+ to A- by Standard & Poor's. The rating A- also applies to our EMTN program and all our outstanding notes, including the Eurobonds due November 10, 2015 and 19 March 2019.

On 31 January 2014 the Group completed the acquisition of Glasses.com from Well Point Inc.. The purchase price was approximately USD 40 million.

February

On 10 February 2014, the Group completed an offering in Europe to institutional investors of Euro 500 million of senior unsecured guaranteed notes due 10 February 2024. Interest on the notes accrues at 2,625% per annum (ISIN XS1030851791). The bond received a rating A-.

July

On July, Delfin S.à r.l. and Aterno S.à r.l. extended the credit lines for an additional year until 30 June 2014.

Delfin S.à r.l. has a credit line for Euro 1,2 billion and Aterno S.à r.l. for Euro 0,3 billion.

November

On 12 November 2014 Mr. Del Vecchi subscribed to the capital increase of the Company Delfin S.à r.l. for the amount of 162.030.050.

During the subsequent months of 2014 the Company has continued its activity of acquiring and selling participations and other securities. Moreover, the company has received dividends from its financial fixed assets and paid dividends to its Sole Shareholder.

PRINCIPAL RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

Future operating results and financial condition of the Group may be affected by various factors, including those set forth below.

Risks Relating to Our Industry and General Economic Conditions

If current economic conditions deteriorate, demand for our products will be adversely impacted, access to credit will be reduced and our customers and others with which we do business will suffer financial hardship, all of which could reduce sales and in turn adversely impact our business, results of operations, financial condition and cash flows.

Our operations and performance depend significantly on worldwide economic conditions. Uncertainty about global economic conditions poses a risk to our business because consumers and businesses may postpone spending in response to tighter credit markets, unemployment, negative financial news and/or declines in income or asset values, which could have a material adverse effect on demand for our products and services. Discretionary spending is affected by many factors, including general business

conditions, inflation, interest rates, consumer debt levels, unemployment rates, availability of consumer credit, conditions in the real estate and mortgage markets, currency exchange rates and other matters that influence consumer confidence. Many of these factors are outside our control. Purchases of discretionary items could decline during periods in which disposable income is lower or prices have increased in response to rising costs or in periods of actual or perceived unfavorable economic conditions. If this occurs or if unfavorable economic conditions continue to challenge the consumer environment, our business, results of operations, financial condition and cash flows could be materially adversely affected.

In the event of financial turmoil affecting the banking system and financial markets, additional consolidation of the financial services industry or significant failure of financial services institutions, there could be a tightening of the credit markets, decreased liquidity and extreme volatility in fixed income, credit, currency, and equity markets. In addition, the credit crisis could continue to have material adverse effects on our business, including the inability of customers of our wholesale distribution business to obtain credit to finance purchases of our products, restructurings, bankruptcies, liquidations and other unfavorable events for our consumers, customers, vendors, suppliers, logistics providers, other service providers and the financial institutions that are counterparties to our credit facilities and other derivative transactions. The likelihood that such third parties will be unable to overcome such unfavorable financial difficulties may increase. If the third parties on which we rely for goods and services or our wholesale customers are unable to overcome financial difficulties resulting from the deterioration of worldwide economic conditions or if the counterparties to our credit facilities or our derivative transactions do not perform their obligations as intended, our business, results of operations, financial condition and cash flows could be materially adversely affected.

If our business suffers due to changing local conditions, our profitability and future growth may be affected.

We currently operate worldwide and have begun to expand our operations in many countries, including certain developing countries in Asia, South America and Africa. Therefore, we are subject to various risks inherent in conducting business internationally, including the following:

- exposure to local economic and political conditions;
- export and import restrictions;
- currency exchange rate fluctuations and currency controls;
- cash repatriation restrictions;
- application of the Foreign Corrupt Practices Act and similar laws;
- difficulty in enforcing intellectual property and contract rights;
- disruptions of capital and trading markets;
- accounts receivable collection and longer payment cycles;
- potential hostilities and changes in diplomatic and trade relationships;
- legal or regulatory requirements;
- withholding and other taxes on remittances and other payments by subsidiaries;
- local antitrust and other market abuse provisions;
- investment restrictions or requirements; and
- local content laws requiring that certain products contain a specified minimum percentage of domestically produced components.

The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable, but any such occurrence may result in the loss of sales or increased costs of doing business and may have a material adverse effect on our business, results of operations, financial condition and prospects.

If vision correction alternatives to prescription eyeglasses become more widely available, or consumer preferences for such alternatives increase, our profitability could suffer through a reduction of sales of our prescription eyewear products, including lenses and accessories.

Our business could be negatively impacted by the availability and acceptance of vision correction alternatives to prescription eyeglasses, such as contact lenses and refractive optical surgery.

Increased use of vision correction alternatives could result in decreased use of our prescription eyewear products, including a reduction of sales of lenses and accessories sold in our retail outlets, which could have a material adverse impact on our business, results of operations, financial condition and prospects.

Unforeseen or catastrophic losses not covered by insurance could materially adversely affect our results of operations and financial condition.

For certain risks, we do not maintain insurance coverage because of cost and/or availability. Because we retain some portion of our insurable risks, and in some cases self-insure completely, unforeseen or catastrophic losses in excess of insured limits could materially adversely affect our results of operations and financial condition.

Risks Relating to Our Business and Operations

If we are unable to successfully introduce new products and develop and defend our brands, our future sales and operating performance may suffer.

The mid- and premium-price categories of the prescription frame and sunglasses markets in which we compete are particularly vulnerable to changes in fashion trends and consumer preferences. Our historical success is attributable, in part, to our introduction of innovative products which are perceived to represent an improvement over products otherwise available in the market and our ability to develop and defend our brands, especially our Ray-Ban and Oakley proprietary brands. Our future success will depend on our continued ability to develop and introduce such innovative products and continued success in building our brands. If we are unable to continue to do so, our future sales could decline, inventory levels could rise, leading to additional costs for storage and potential write-downs relating to the value of excess inventory, and there could be a negative impact on production costs since fixed costs would represent a larger portion of total production costs due to the decline in quantities produced, which could materially adversely affect our results of operations.

If we are not successful in completing and integrating strategic acquisitions to expand or complement our business, our future profitability and growth could be at risk.

As part of our growth strategy, we have made, and may continue to make, strategic business acquisitions to expand or complement our business. Our acquisition activities, however, can be disrupted by overtures from competitors for the targeted candidates, governmental regulation and rapid developments in our industry. We may face additional risks and uncertainties following an acquisition, including (i) difficulty in integrating the newly acquired business and operations in an efficient and effective manner, (ii) inability to achieve strategic objectives, cost savings and other benefits from the acquisition, (iii) the lack of success by the acquired business in its markets, (iv) the loss of key employees of the acquired business, (v) a decrease in the focus of senior management on our operations, (vi) difficulty integrating human resources systems, operating systems, inventory management systems and assortment planning systems of the acquired business with our systems, (vii) the cultural differences between our organization and that of the acquired business and (viii) liabilities that were not known at the time of acquisition or the need to address tax or accounting issues.

If we fail to timely recognize or address these matters or to devote adequate resources to them, we may fail to achieve our growth strategy or otherwise realize the intended benefits of any acquisition. Even if we are able to integrate our business operations successfully, the integration may not result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that may be possible from the integration or in the achievement of such benefits within the forecasted period of time.

If we are unable to achieve and manage growth, operating margins may be reduced as a result of decreased efficiency of distribution.

In order to achieve and manage our growth effectively, we are required to increase and streamline production and implement manufacturing efficiencies where possible, while maintaining strict quality control and the ability to deliver products to our customers in a timely and efficient manner. We must also continuously develop new product designs and features, expand our information systems and operations, and train and manage an increasing number of management level and other employees. If we are unable to manage these matters effectively, our distribution process could be adversely affected and we could lose market share in affected regions, which could materially adversely affect our business prospects.

If we do not correctly predict future economic conditions and changes in consumer preferences, our sales of premium products and profitability could suffer.

The fashion and consumer products industries in which we operate are cyclical. Downturns in general economic conditions or uncertainties regarding future economic prospects, which affect consumer disposable income, have historically adversely affected consumer spending habits in our principal markets and thus made the growth in sales and profitability of premium-priced product categories difficult during such downturns. Therefore, future economic downturns or uncertainties could have a material adverse effect on our business, results of operations and financial condition, including sales of our designer and other premium brands.

The industry is also subject to rapidly changing consumer preferences and future sales may suffer if the fashion and consumer products industries do not continue to grow or if consumer preferences shift away from our products. Changes in fashion could also affect the popularity and, therefore, the value of the fashion licenses granted to us by designers. Any event or circumstance resulting in reduced market acceptance of one or more of these designers could reduce our sales and the value of our models from that designer. Unanticipated shifts in consumer preferences may also result in excess inventory and underutilized manufacturing capacity. In addition, our success depends, in large part, on our ability to anticipate and react to changing fashion trends in a timely manner. Any sustained failure to identify and respond to such trends could materially adversely affect our business, results of operations and financial condition and may result in the write-down of excess inventory and idle manufacturing facilities.

If we do not continue to negotiate and maintain favorable license arrangements, our sales or cost of sales could suffer.

We have entered into license agreements that enable us to manufacture and distribute prescription frames and sunglasses under certain designer names, including Chanel, Prada, Miu Miu, Dolce & Gabbana, Bvlgari, Tiffany & Co., Versace, Burberry, Polo Ralph Lauren, Donna Karan, DKNY, Paul Smith, Brooks Brothers, Stella McCartney, Tory Burch, Coach, Armani and Starck Eyes. These license agreements typically have terms of between three and ten years and may contain options for renewal for additional periods and require us to make guaranteed and contingent royalty payments to the licensor. We believe that our ability to maintain and negotiate favorable license agreements with leading designers in the fashion and luxury goods industries is essential to the branding of our products and, therefore, material to the success of our business. Accordingly, if we are unable to negotiate and maintain satisfactory license arrangements with leading designers, our growth prospects and financial results could materially suffer from a reduction in sales or an increase in advertising costs and royalty payments to designers. For the years ended 31 December 2013 and 2012, no single license agreement represented greater than 5% of total sales.

As we operate in a complex international environment, if new laws, regulations or policies of governmental organizations, or changes to existing ones, occur and cannot be managed efficiently, the results could have a negative impact on our operations, our ability to compete or our future financial results.

Compliance with European, U.S. and other laws and regulations that apply to our international operations increases our costs of doing business, including cost of compliance, in certain jurisdictions, and such costs may rise in the future as a result of changes in these laws and regulations or in their interpretation or enforcement. We have implemented policies and procedures designed to facilitate our compliance with these laws and regulations, but there can be no assurance that our employees, contractors or agents will not violate such laws and regulations or our policies. Any such violations could individually, or in the aggregate, materially adversely affect our financial condition or operating results.

Additionally, our Oakley and Eye Safety Systems subsidiaries are U.S. government contractors and, as a result, we must comply with, and are affected by, U.S. laws and regulations related to conducting business with the U.S. government. These laws and regulations, including requirements to obtain applicable governmental approvals, clearances and certain export licenses, may impose additional costs and risks on our business. We also may become subject to audits, reviews and investigations of our compliance with these laws and regulations.

If we are unable to protect our proprietary rights, our sales might suffer, and we may incur significant additional costs to defend such rights.

We rely on trade secret, unfair competition, trade dress, trademark, patent and copyright laws to protect our rights to certain aspects of our products and services, including product designs, proprietary manufacturing processes and technologies, product research and concepts and goodwill, all of which we believe are important to the success of our products and services and our competitive position. However, pending trademark or patent applications may not in all instances result in the issuance of a registered trademark or patent, and trademarks or patents granted may not be effective in thwarting competition or be held valid if subsequently challenged. In addition, the actions we take to protect our proprietary rights may be inadequate to prevent imitation of our products and services. Our proprietary information could become known to competitors, and we may not be able to meaningfully protect our rights to proprietary information. Furthermore, other companies may independently develop substantially equivalent or better products or services that do not infringe on our intellectual property rights or could assert rights in, and ownership of, our proprietary rights. Moreover, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States or of the member states of the European Union.

Consistent with our strategy of vigorously defending our intellectual property rights, we devote substantial resources to the enforcement of patents issued and trademarks granted to us, to the protection of our trade secrets or other intellectual property rights and to the determination of the scope or validity of the proprietary rights of others that might be asserted against us. However, if the level of potentially infringing activities by others were to increase substantially, we might have to significantly increase the resources we devote to protecting our rights. From time to time, third parties may assert patent, copyright, trademark or similar rights against intellectual property that is important to our business. The resolution or compromise of any litigation or other legal process to enforce such alleged third party rights, regardless of its merit or resolution, could be costly and divert the efforts and attention of our management. We may not prevail in any such litigation or other legal process or we may compromise or settle such claims because of the complex technical issues and inherent uncertainties in intellectual property disputes and the significant expense in defending such claims. An adverse determination in any dispute involving our proprietary rights could, among other things, (i) require us to coexist in the market with competitors utilizing the same or similar intellectual property, (ii) require us to grant licenses to, or obtain licenses from, third parties, (iii) prevent us from manufacturing or selling our products, (iv) require us to discontinue the use of a particular patent, trademark, copyright or trade secret or (v) subject us to substantial liability. Any of these possibilities could have a material adverse effect on our business by reducing our future sales or causing us to incur significant costs to defend our rights.

If we are unable to maintain our current operating relationship with host stores of our retail Licensed Brands division, we could suffer a loss in sales and possible impairment of certain intangible assets.

Our sales depend in part on our relationships with the host stores that allow us to operate our retail Licensed Brands division, including Sears Optical and Target Optical. Our leases and licenses with Sears Optical are terminable upon short notice. If our relationship with Sears Optical or Target Optical were to end, we would suffer a loss of sales and the possible impairment of certain intangible assets. This could have a material adverse effect on our business, results of operations, financial condition and prospects.

If we fail to maintain an efficient distribution network or if there is a disruption to our critical manufacturing plants or distribution network in highly competitive markets, our business, results of operations and financial condition could suffer.

The mid- and premium-price categories of the prescription frame and sunglasses markets in which we operate are highly competitive. We believe that, in addition to successfully introducing new products, responding to changes in the market environment and maintaining superior production capabilities, our ability to remain competitive is highly dependent on our success in maintaining an efficient distribution network. If we are unable to maintain an efficient distribution network or if there is a significant disruption to our plants or network, our sales may decline due to the inability to timely deliver products to customers and our profitability may decline due to an increase in our per unit distribution costs in the affected regions, which may have a material adverse impact on our business, results of operations and financial condition.

If we were to become subject to adverse judgments or determinations in legal proceedings to which we are, or may become, a party, our future profitability could suffer through a reduction of sales, increased costs or damage to our reputation due to our failure to adequately communicate the impact of any such proceeding or its outcome to the investor and business communities.

We are currently a party to certain legal proceedings as described in consolidated financial statements as of 31 December 2013." In addition, in the ordinary course of our business, we become involved in various other claims, lawsuits, investigations and governmental and administrative proceedings, some of which are or may be significant. Adverse judgments or determinations in one or more of these proceedings could require us to change the way we do business or use substantial resources in adhering to the settlements and could have a material adverse effect on our business, including, among other consequences, by significantly increasing the costs required to operate our business.

Ineffective communications, during or after these proceedings, could amplify the negative effects, if any, of these proceedings on our reputation and may result in a negative market impact on the price of our securities.

Changes in our tax rates or exposure to additional tax liabilities could affect our future results.

We are subject to taxes in Italy, the United States and numerous other jurisdictions. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Any of these changes could have a material adverse effect on our profitability. We also are regularly subject to the examination of our income tax returns by the U.S. Internal Revenue Service, the Italian tax authority as well as the governing tax authorities in other countries where we operate. We routinely assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. Currently, some of our companies are under examination by the tax authorities. There can be no assurance that the outcomes of the current ongoing examinations and possible future examinations will not materially adversely affect our business, results of operations, financial condition and prospects.

If there is any material failure, inadequacy, interruption or security failure of our information technology systems, whether owned by us or outsourced or managed by third parties, this may result in remediation costs, reduced sales due to an inability to properly process information and increased costs of operating our business.

We rely on information technology systems both managed internally and outsourced to third parties across our operations, including for management of our supply chain, point-of-sale processing in our stores and various other processes and transactions. Our ability to effectively manage our business and coordinate the production, distribution and sale of our products depends on, among other things, the reliability and capacity of these systems. The failure of these systems to operate effectively, network disruptions, problems with transitioning to upgraded or replacement systems, or a breach in data security of these systems could cause delays in product supply and sales, reduced efficiency of our operations, unintentional disclosure of customer or other confidential information of the Company leading to additional costs and possible fines or penalties, or damage to our reputation, and potentially significant capital investments and other costs could be required to remediate the problem, which could have a material adverse effect on our results of operations.

If we record a write-down for inventories or other assets that are obsolete or exceed anticipated demand or net realizable value, such charges could have a material adverse effect on our results of operations.

We record a write-down for product and component inventories that have become obsolete or exceed anticipated demand or net realizable value. We review our long-lived assets for impairment whenever events or changed circumstances indicate that the carrying amount of an asset may not be recoverable, and we determine whether valuation allowances are needed against other assets, including, but not limited to, accounts receivable. If we determine that impairments or other events have occurred that lead us to believe we will not fully realize these assets, we record a write-down or a valuation allowance equal to the amount by which the carrying value of the assets exceeds their fair market value. Although we believe our inventory and other asset-related provisions are currently adequate, no assurance can be made that, given the rapid and unpredictable pace of product obsolescence, we will not incur additional inventory or asset-related charges, which charges could have a material adverse effect on our results of operations.

Leonardo Del Vecchio, our chairman and principal stockholder, controls 61.36% of our voting power and is in a position to affect our ongoing operations, corporate transactions and any matters submitted to a vote of our stockholders, including the election of directors and a change in corporate control.

As of 31 December 2013, Mr. Leonardo Del Vecchio, the Chairman of our Board of Directors, through the company Delfin S.à r.l., has voting rights over 293,048,525 Ordinary Shares, or 61.36% of the outstanding Ordinary Shares. See Item 7—"Major Shareholders and Related Party Transactions." As a result, Mr. Del Vecchio has the ability to exert significant influence over our corporate affairs and to control the outcome of virtually all matters submitted to a vote of our stockholders, including the election of our directors, the amendment of our Articles of Association or By-laws, and the approval of mergers, consolidations and other significant corporate transactions.

Mr. Del Vecchio's interests may conflict with or differ from the interests of our other stockholders. In situations involving a conflict of interest between Mr. Del Vecchio and our other stockholders, Mr. Del Vecchio may exercise his control in a manner that would benefit himself to the potential detriment of other stockholders. Mr. Del Vecchio's significant ownership interest could delay, prevent or cause a change in control of our company, any of which may be adverse to the interests of our other stockholders.

If our procedures designed to comply with Section 404 of the Sarbanes-Oxley Act of 2002 cause us to identify material weaknesses in our internal control over financial reporting, the trading price of our securities may be adversely impacted.

Our annual report on Form 20-F includes a report from our management relating to its evaluation of our internal control over financial reporting, as required under Section 404 of the U.S. Sarbanes-Oxley Act of 2002, as amended. There are inherent limitations on the effectiveness of internal controls, including collusion, management override and failure of human judgment. In addition, control procedures are designed to reduce, rather than eliminate, business risks. Notwithstanding the systems and procedures we have implemented to comply with these requirements, we may uncover circumstances that we determine, with the assistance of our independent auditors, to be material weaknesses, or that otherwise result in disclosable conditions. Any identified material weaknesses in our internal control structure may involve significant effort and expense to remediate, and any disclosure of such material weaknesses or other conditions requiring disclosure may result in a negative market reaction to our securities.

Financial Risks

If the Euro or the Chinese Yuan strengthens relative to certain other currencies or if the U.S. dollar weakens relative to the Euro, our profitability as a consolidated group could suffer.

Our principal manufacturing facilities are located in Italy. We also maintain manufacturing facilities in China, Brazil, India and the United States as well as sales and distribution facilities throughout the world. As a result, our results of operations could be materially adversely affected by foreign exchange rate fluctuations in two principal areas:

- we incur most of our manufacturing costs in Euro and in Chinese Yuan, and receive a significant part of our revenues in other currencies such as the U.S. dollar and the Australian dollar. Therefore, a strengthening of the Euro or the Chinese Yuan relative to other currencies in which we receive revenues could negatively impact the demand for our products or decrease our profitability in consolidation, adversely affecting our business and results of operations; and

- a substantial portion of our assets, liabilities, revenues and costs are denominated in various currencies other than Euro, with a substantial portion of our revenues and operating expenses being denominated in U.S. dollars. As a result, our operating results, which are reported in Euro, are affected by currency exchange rate fluctuations, particularly between the U.S. dollar and the Euro.

As our international operations grow, future changes in the exchange rate of the Euro against the U.S. dollar and other currencies may negatively impact our reported results, although we have in place policies designed to manage such risk.

If economic conditions around the world worsen, we may experience an increase in our exposure to credit risk on our accounts receivable which may result in increased costs due to additional reserves for doubtful accounts and a reduction in sales to customers experiencing credit - related issues.

A substantial majority of our outstanding trade receivables are not covered by collateral or credit insurance. While we have procedures to monitor and limit exposure to credit risk on our trade and non-trade receivables, there can be no assurance such procedures will effectively limit our credit risk and avoid losses, which could have a material adverse effect on our results of operations.

If fiscal rules related to the real estate sector change in future, the Group may experience a reduction on the value of its stake in Foncière des Régions.

Luxembourg, 22 January 2015

The Managers